26 March 2024

CAB | PAYMENTS

CAB Payments Holdings plc and its subsidiaries
("CAB Payments" or the "Group")

Preliminary Results for the Financial Year Ended 31 December 2023

CAB Payments, a market leader in business-to-business cross-border payments and foreign exchange, specialising in hard-to-reach markets, announces financial results for the year ended 31 December 2023.

Financial and Operating Summary:

- Gross income[1] increased 25% year-on-year to £137.1 million (2022: £109.4 million).
    - Income growth in all four client segments.
    - Wholesale FX and Payment FX income [1], when excluding Nigerian Naira, increased 28% year-on-year
- Adjusted EBITDA [1] £64.6 million, up 17% (2022: £55.0 million).
    - Adjusted EBITDA margin[1] 47% (2022: 50%).
- EBITDA[1] down 12% at £43.5 million (2022: £49.7 million), largely driven by IPO related costs.
- Total active clients increased 12% to 509 (2022: 456).
- Banking partners increased 16% to 331 (2022: 287), including 17% growth in payment partners.
- EU licence in final stages. US licence timeline H2 2024, providing significant market opportunities.

Bhairav Trivedi, Chief Executive Officer of CAB Payments, commented:

2023 was another year of strong growth for the Group, with income ahead of the prior year by 25%. We attracted 83 new clients to an already high-quality list, made up of G10 government entities, some of the world's best known international development organisations, global remittance companies, emerging markets financial institutions and, increasingly, major market banks. Clients choose CAB Payments due to the strength of its banking and technology network, its robust compliance culture, and the breadth of its global banking partner relationships.

We are in the final stages of the application process for our EU licence and continue to expect our US licence to be granted in the second half of this year. These licences will open up significant additional sales channels for CAB Payments among high-quality development organisations and remittance providers, who move considerable sums into our key markets, and will also place salespeople close to major market banks in both geographies.

Selected Financial Information from Continuing Operations (£m)	Twelve Months ended 31 December		Year on Year growth
	2023	**2022**	**%**
Gross Income [1]	137.1	109.4	25%
Adjusted EBITDA [1]	64.6	55.0	17%
Profit before Tax	37.6	43.9	(14%)
Profit after Tax	23.9	33.4	(29%)
Earnings Per Share (pence)	10.0	14.0	(29%)

Gross Income by Product Type from Continuing Operations (£m)	Twelve Months ended 31 December		YoY
	2023	**2022**	**%**
FX	68.5	63.4	8%
Payments	34.2	33.7	2%
Total Transactional Income	**102.7**	**97.1**	**6%**
Other banking services	34.3	12.3	179%
Gross Income	**137.1**	**109.4**	**25%**

[1] See alternative performance measures on page 106 for definition.

Note: Rounding - Certain data in this document has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Analyst and Institutional Investor webcast

A presentation webcast and live Q&A conference call for analysts and institutional investors will take place on March 26th 2024 at 9.30 am UK Time, and a webcast of the presentation will be made available on the Group's website at Investors Home (cabpayments.com), where you can also register for this event.

For further information, please contact:

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The information in the preliminary announcement of the results for the year ended 31 December 2023 was approved by the Board of Directors on 25 March 2024 and does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006.

The financial statements for the year ended 31 December 2022 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498 (2) and 498 (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2023 will be filed with the Registrar of Companies in due course.

In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company's auditors, Mazars LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included in the Group's Annual Report and Accounts for the year ended 31 December 2023 and not expected to contain statements in respect of Sections 498 (2) and 498 (3) of the UK Companies Act 2006.

The preliminary results have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2023.

Chair's Statement

I am delighted to present the first annual results for CAB Payments Holdings plc (CPH or the Company) as a listed business. CAB Payments, through its client-facing brand of Crown Agents Bank, has a rich history and a recent track record of strong growth. The business specialises in moving crucial funds into developing countries, whose growth and future welfare depend on it.

The Group can trace its history back at least two hundred years and has become a vital part of a financial support eco-system. In 2023 alone, CAB moved c. £9.3 billion to developing economies to support humanitarian aid, financial inclusion and remittance flows to local populations.

2023 was a very eventful year for the Group. The tremendous effort that went into generating the strong growth this year was somewhat overshadowed by events late in the year in two of our larger markets. These events caused us to downgrade our short-term guidance on Group financial performance. This was personally extremely disappointing. However, the Group grew its income by 25% this year, an excellent result under any other circumstances, and a great springboard for future success.

Our clients include some of the world's most important aid organisations and many key central banks from developing nations. Feedback consistently shows that these high-quality clients fully understand the financial strength of CAB Payments, greatly value the service we offer and continue to be comfortable placing their trust in us to move their money safely and securely. We never take these relationships for granted and continue to work hard to make them even stronger.

We remain focused on delivering the potential of CAB Payments and are very confident about the value this business is uniquely positioned to create.

Board and Governance

The Board structure has remained stable since the Initial Public Offering (IPO) in July 2023, and meetings have been both regular and ad-hoc. Your Board is fully engaged in the performance of CAB Payments and the Non-executive members of the Board seek to maintain direct contact with all the members of the Executive team, to ensure they get a broad and accurate view of the current challenges and opportunities and to hear any concerns or suggestions each individual has to offer.

I am pleased that the Board is diverse, with a 60% female representation and an impressive range of skills, experience and backgrounds. I do believe we can continue to improve as we move forward to ensure we have an even broader range of cultural and geographic backgrounds, with a specific focus on the markets we serve.

In February 2024, we announced that Neeraj Kapur will succeed Bhairav Trivedi as Chief Executive Officer (CEO), subject to regulatory approval. The Board would like to express their sincere gratitude to Bhairav, and we are delighted he will continue to represent CAB Payments as a senior adviser to the Board.

We welcome Neeraj to the Group. He is a very experienced finance professional and will bring a new perspective to the Group. Once approvals are complete, Neeraj will replace Bhairav as an Executive member of the Board.

Capital Allocation

CAB Payments has significant potential for superior growth into the medium-to-long-term, and this will be achieved through the successful execution of our plans. This will require continued investment in our operations, our capabilities, our network and our product development – we will do nothing to endanger this. The Group generates healthy profits and cashflow and we are confident this will continue. By taking advantage of the growth opportunities ahead and pursuing active cost management and a capital light business model, the Group expects to continue to generate significant free cash flow. We currently anticipate that the majority of the growth will come through a consistent capturing of market share in current and new geographies, with a focused organic approach. The Board will actively manage capital allocation with an emphasis on growth, but will also consider distributions to shareholders at the appropriate time, always seeking to make the right choice to maximise long-term and sustainable shareholder value.

Looking Forward

CAB Payments is a leader in a very sizeable niche. Being able to safely, rapidly and cost-effectively move funds around the world within the confines of a complex regulatory environment can be a daunting task, and it is one best left to the experts. CAB Payments are experts. Compliance is central to the business model, and we are exceptionally proud of our UK banking licence; this sets us apart from the competition and gives clients and prospective clients an indication of the attention to detail and level of service they can expect from us.

Our people are key to our success, and we have great people. Their hard work and total dedication during a period of continued growth is a testament to their abilities, their experience and their talents. I wish to thank them on behalf of the Board.

Your board and I, remain very positive about the future. We will focus on building trust and confidence in all our stakeholders, and on delivering on the promises we have made.

I want to finish by thanking you, our shareholders, for your continued support.

Ann Cairns

Chair – 25 March 2024

CEO Review

Strategic Context

CAB Payments is a market leader in business-to-business cross-border payments and FX. The Group has a high-quality and growing client base, made up of G10 government entities, some of the world's best known international development organisations, global remittance companies, emerging markets financial institutions and, increasingly, major market banks with a global presence. The Group is a significant and growing operator in a large and expanding market and has excelled to this point due to the strength of its financial and technology network, along with strong global relationships, with both partners and clients.

While the Group is very capable in developed markets and more than half its volume is transacted in these currencies, its core advantages are most pronounced in hard-to-reach emerging markets, with a particular current emphasis on Africa. Continued success is dependent on a clear focus on what we do best, providing an unrivalled and cost-efficient service, and expanding our product set and geographic reach, in response to client demands.

CAB Payments has a number of significant growth drivers underpinning its long-term development:

- Large addressable market undergoing a shift to specialist providers;
- High-quality, diverse client base;
- Global network and infrastructure; and
- Multi-channel emerging market platform.

All of this allows us to move money where it is needed, resulting in a positive global impact.

Research supports the Group's view that the market for cross border payments is shifting from traditional global banks to specialist providers like CAB Payments. This provides a tailwind and an opportunity. CAB Payments expects to grow from here by exploiting this transition, increasing its client base rapidly through new sales channels, gaining market share and strengthening its presence in additional geographic currency destinations to diversify its income streams.

Business Performance

2023 was another year of strong growth for the Group. While we recognise the business did not deliver as we had anticipated in the second half of the year, it was still in absolute and relative terms a good performance, with healthy growth in income and profit, and sets the Group up well for further growth in 2024 and beyond.

Income growth overall and in Payments and FX

In the year, Group gross income was ahead of the previous year by 25% at £137.1 million (2022: £109.4 million). Within this, we did experience some weakness in the second half of the year, particularly in the fourth quarter, with interventions in two of our key currency corridors. Income in the first half of the year came in at £71.8 million (H1 2022: £37.0 million) and declined in the second half of the year to £65.3 million (H2 2022: £72.4 million) with, as mentioned, the fourth quarter not delivering as expected, and the Nigerian Naira (NGN or Naira) corridor significantly down year-on-year, as was forecast at the time of the IPO in July 2023. Naira income was down in 2023 to £18 million (2022: £27.5 million), with £15.2 million of this coming in the first half. This was more than offset by the increase in net interest income from cash management, which delivered £31.7 million in the year, up from £10.1 million in 2022. Importantly, the transactional Wholesale FX and Payments FX income grew by 7% year-on-year to £88.4 million (2022: £82.8 million); excluding the Naira, which experienced well-documented elevated conditions in 2022, the growth rate would have been 28%.

Robust profitability and cash flow generation

EBITDA[1] was down in 2023 by 12% to £43.5 million (2022: £49.7 million), due to non-recurring items of £21.1 million, primarily costs directly associated with the IPO in July (2022: £5.3 million). Excluding non-recurring items, Adjusted EBITDA [1] was £64.6 million, up 17% (2022: £55.0 million). Reported profit after tax from continuing operations in the year was down 29% at £23.9 million (2022: £33.4 million), again impacted by non-recurring costs.

We continued to invest in the business throughout the period, reflecting our confidence in the growth potential of the Group over the medium term. Operating costs, excluding non-recurring costs, were up by 30% at £77.9 million, primarily due to increased headcount and licensing and support costs associated with the investments in our IT infrastructure. Capital expenditure in the year was £7.4 million (2022: £4.9 million). We continue to estimate that capital investments for the 2024 will be around 8% of gross income, based on projects in progress and in the pipeline, and that approximately 8-10% going forward would be the appropriate level to fully support growth.

Stable Business Model Focused on Areas of Commercial Advantage

CAB Payments continued to extend its client and network reach during the year. This extension will, over time, provide a greater level of diversification and growth potential and reduce the risk of a single event significantly impacting financial performance, as we improve our offering in other geographic regions. In the year the Group added 83 new clients, of which around half were active in the year, bringing the total number of active clients to 509 (2022: 456). Even allowing for the fact that a number of clients onboarded late in the year wouldn't be expected to be active until 2024, the income contribution from new clients was below historic averages. We are restructuring the onboarding and activation process to address this and remove any friction from the early stages of the client journey.

1. See alternative performance measures on page 106 for definition - see Note 3 to the consolidated financial statements.

In 2023, we added some significant clients. Specific client relationships and identities are often considered commercially confidential, but it is also important to be able to help our stakeholders understand the general prestige of those who choose to trust CAB Payments with their business. In 2023, we onboarded many high-quality clients, including Barclays, Inpay, Plan International and SNV Global, joining such institutions as Save the Children International, the Norwegian Refugee Council and PagoNxt/Santander.

We are confident they will go on to be important and valuable long-term relationships. We are in negotiations with several major financial institutions and expect some of these to begin operating with CAB Payments in the very near future. Successful progress in this client segment will be an important driver of growth in the coming years.

We continued to extend our network reach during 2023 – this is a clear differentiator for CAB Payments in being able to deliver a cost effective and reliable service to our clients, who place an incredible degree of trust in us. In the year we increased the number of banking partners, including Nostro accounts, liquidity providers and payment partners, by 44 to 331. These partnerships allow us to move client funds quickly and reliably, whilst retaining full control of the end-to-end journey. We are seeking to further deepen our network of Nostros in geographic regions where complexity and market size provide an opportunity for the Group or where our clients require our solutions. CAB Payments' credibility and trust is underpinned by our UK banking licence, and this provides us with an advantage in developing relationships in other geographic regions.

The nature of maximising the impact of our competitive advantages, built up over many years, means there is regional concentration in the income delivery. CAB Payments specialises in regions where regulations are constantly developing and where there is a level of uncertainty. This is part of the reason why there is an ongoing market share shift from global banking institutions to specialist providers like CAB Payments and provides the opportunity for higher margins and future volume growth.

In recent years, the Naira has delivered a disproportionate degree of FX and payments income, due to CAB Payments' inherently strong position in this market. Although this continued into the first half of 2023, the NGN represented less than 7% of transactional income in the second half of the year, returning to a level more in line with medium-term expectations.

There were negative surprises in the fourth quarter of the year for two important currencies for the business, the Central African franc (XAF) and the West African franc (XOF). The central banks in these regions intervened, in different ways, in an effort to support the currencies and shore up the foreign currency reserves. These interventions had the effect of significantly reducing the income towards the end of the year from XAF and XOF, during a period when we were forecasting significant strength in both currencies, causing the Group to publicly reduce its income estimates for 2023. We understand this reforecast had a significant impact on shareholder confidence and we are focused on delivering on the great potential for CAB Payments and re-establishing shareholder and broader investor trust.

Looking Forward

We look forward to 2024 with confidence and expect another year of income growth. This will be underpinned by further investment in our sales capabilities, increased share from the current client base, a concentration on the activation of new clients onboarded in 2023, and the development of additional currency corridors and partnerships.

We are in the final stages of the application process for our EU licence and continue to expect our US licence to be granted in the second half of this year. These licences will open up significant additional sales channels for CAB Payments among high-quality development organisations and remittance providers who move considerable sums into our key markets. Building out offices in these regions will have the added advantage of placing salespeople in closer proximity to major market banks in both geographies, where cultural or language similarities can be important in the sales process. As mentioned, as well as new potential clients, we have some sizeable clients we have already signed up who are yet carried out their first transaction; we will seek to guide them rapidly and smoothly through the activation process. And our concentration on continually improving our service to current clients remains a focus, where our net revenue retention remains well in excess of 100%.

We did finish 2023 on a disappointing note, with negative surprises in two of our important markets. While we are not dependent on a short-term recovery here, we expect these to be important markets for us over the medium term. These changes highlighted a requirement for the Group to be increasingly proactive and influential at the highest level across the world, not only predicting change, but helping to shape effective regulation in the markets we serve. It is also evident to us that CAB Payments' capabilities are ahead of its profile, and we consistently receive feedback from new clients that we outperform their expectations. Going forward, I will dedicate my time to raising the understanding of CAB Payments globally, once I hand over the reins of CEO to Neeraj Kapur over the next couple of months. I will do my utmost to ensure global central banks, regulators, large money movers and senior industry participants better understand and recognise just how much of a force for good CAB Payments is. Success here will underpin the profitable growth and value we expect to continue to deliver for all our stakeholders.

Bhairav Trivedi

Chief Executive Officer
25 March 2024

Financial Review

Overall

2023 has been a momentous year for CAB Payments, achieving record income, completing the premium listing on the London Stock Exchange and laying the foundations for future growth.

Over the last seven years, we have invested in developing our world class correspondent banking network, our diverse client base, including our relationships with government agencies, supranational organisations and blue-chip companies which we serve through relationships with our liquidity providers. This has enabled us to deliver a high-value and high-quality foreign exchange and payments proposition, allowing us to consistently access the hardest to reach markets where our clients need it most.

With these solid foundations in place, we are now able to evolve from a UK-centric model to a global offering with our pending applications in Europe and US. Accessing a new global client base will allow us to capitalise on the market shift from Global and Regional Cross border FX and Payment Banks to specialist and highly-focused providers such as ourselves.

We have continued to invest in the sustainability of our business model, ensuring that our risk, governance and control environment are world class and meet the high prudential and conduct standards set by our regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

Notwithstanding the disappointing trading update in October 2023 in which we reset short-term market guidance, we have ended the year with a strong income growth of 25% that translates into an Adjusted EBITDA [1] of £64.6 million. This resilience underpins the broader and consistent financial health of the organisation.

We are a highly cash generative business, which is reflected in strong CET1 levels, capital and liquidity surpluses and the absence of Corporate Debt. Building our capital reserves is important to us not only for ongoing financial sustainability but to deliver our global ambitions. We have the robustness and sustainability of a developed market bank, whilst making emerging market returns.

Macroeconomically, in 2023 there was a continuation of high inflationary pressures and consequential central bank interventions through increasing interest rates. We have been able to capitalise on those uplifts through enhanced net interest income proving out the resilience of our business model through the cycle.

It is important to remember that the CAB Payments model is uniquely positioned to take advantage of FX volatility and through our aid delivering client segments provides a natural counter cyclicality to broader macroeconomic stresses.

£m unless stated otherwise	Twelve Months Ended 31 December		Year on Year growth
	FY23	FY22	%
Gross Income[1], of which:	137.1	109.4	25%
Wholesale FX and Payments FX exc. NGN	70.4	55.2	28%
Wholesale FX and Payments FX NGN	18.0	27.5	(35)%
Other Payments Income	14.3	14.3	0%
Banking Services and Other Income	34.3	12.3	179%
Adjusted EBITDA margin	47%	50%	(3) ppts
Operating Free Cash Flow [1]	56.7	49.8	14%
Free Cash Flow Conversion[1]	88%	91%	(3) ppts

Gross Income

Gross Income for the twelve months ended 31 December 2023 stood at £137.1 million, which reflects 25% growth on the previous year (2022: £109.4 million). At a headline level, the year-on-year growth rates of both FX and cross currency payments have been depressed by the market conditions that have underpinned our business in specific currency corridors, with NGN being particularly noteworthy with a reduction in income to £18.0 million in 2023 (2022: £27.5 million). The reductions in NGN were partially offset by growth in net interest income, reported through Other Income.

Wholesale FX and Payments FX Income

Wholesale FX and Payments FX income, excluding NGN, grew by 28% year-on-year to £70.4 million (2022: £55.2 million). Although this reflects strong growth it is lower than expected principally impacted by a variety of central bank directives issued in the year across a number of our key currencies.

Despite these disruptions, our volumes remained broadly flat versus 2022, with income growth arising from higher margins in almost all regions. Our average take rate increased to 26bps in 2023 from 24bps in 2022, reflecting our competitive access to liquidity over competitors. Since 2020 our Emerging Markets take rate has increased steadily over time as improvements in our liquidity provider network, market position and product mix have driven sustainable growth.

[1] See alternative performance measures on page 106 for definition.

FX and Cross Currency	Income (£m)				Volume (£bn)				Take Rate (%)			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Developed Markets	3.9	5.5	12.0	13.0	11.6	12.8	20.8	21.0	0.03	0.04	0.06	0.06
Emerging Markets	15.8	34.0	70.8	75.4	7.7	10.3	14.3	13.6	0.21	0.33	0.50	0.55
Total	**19.6**	**39.5**	**82.8**	**88.4**	**19.2**	**23.1**	**35.0**	**34.7**	**0.10**	**0.17**	**0.24**	**0.26**

As a fully regulated UK Bank it is in our DNA to manage to the highest level of conduct and compliance in all the markets in which we operate. We only deal with counterparties that are licensed or regulated in our target markets. We continue to build relationships with local central banks ensuring clarity on our credentials and the services we provide to those economies.

In the near term we continue to focus on geographical diversification, establishing new market footprints in the United States, Europe and further developing our presence in LATAM. In future we will look to expand further establishing a presence in the APAC region. This expansion will reduce concentration risk and in turn income volatility and will enable us to further reduce the risk to the business of central bank interventions.

Another key facet to both our growth and concentration mitigation is to increase the number of clients that we actively work with. In 2023, we onboarded 83 new clients, of which 42 clients generated income in year, while 41 clients are expected to trade early in 2024.

We provide a valuable service to our clients by having infrastructure in place, which delivers their flows and saves them time, effort and cost of managing overseas accounts. Further, we believe the flows that we provide into our key corridors supports economic growth and stability.

Other Payments Income

Our total payments income primarily consists of Payments FX, Banking Payments and income generated from Mobile Payments. Banking Payments reflects income from providing access to USD, GBP and EUR payment and clearing services. In 2023, excluding Payment FX, we generated £14.3 million from these income streams, which is in line with 2022.

Banking Services and Other Income

Other income, which mainly represents net interest income, and Trade Finance for the reporting year was £34.3 million, up from £12.3 million for the prior period. Net interest income is earned from investment of clients' deposits and own cash into high-quality liquid assets and in 2023 generated £31.7 million compared with £10.1 million from the prior period with the increase reflecting the impact of Federal Reserve and Bank of England interest rate rises. This income line is expected to continue to reflect movements in these rates.

Operating Expenses

£m	Twelve Months Ended 31 December		Year on Year growth
	FY23	FY22	%
Staff Expenses	45.6	35.8	27%
Other Operating Expenses	26.5	18.3	45%
Depreciation and Amortisation	5.8	5.7	2%
Non-recurring Operating Expenses	21.1	5.3	296%

The business continues to invest to deliver ongoing revenue growth. The investment is predominantly in headcount, with a focus on increasing the Sales force, Risk and Controls, Operations and IT capabilities.

Staff costs have increased 27% to £45.6 million, reflecting the impact of higher headcount, with a higher average number of permanent employees in 2023 of 310 Full-Time Equivalent (FTE) versus 222 FTE in 2022, higher number of short-term staff, increasing by 10 FTE from 20 FTE in 2022, and following the annual pay review, which includes performance and inflationary salary increases.

Other operating expenses rose by £8.2 million to £26.5 million, driven by increased spend on recruitment fees, software licences and support costs, an uplift in audit fees (as a result of becoming a listed organisation), and higher professional fees supporting expansion plans in Europe and the US.

Profitability

Adjusted EBITDA [1] increased by 17% to £64.6 million (2022: £55.0 million) as a result of incremental income generated outstripping the increase in costs base; however, with the rate of cost growth being higher than the rate of income growth – due mainly to the unforeseen central bank interventions impacting income - the adjusted EBITDA margin declined to 47% (2022: 50%).

Profit Before Tax was down by 14% at £37.6 million (2022: £43.9 million) due to the higher non-recurring items in 2023. Non-recurring items primarily reflect the professional fees incurred by the listing process in H1, as well as committed non-performance staff bonuses.

Operating free cash flow grew from £49.8 million in the year ended 31 December 2022 to £56.7 million over the same period in 2023. This demonstrates the strong cash flow delivered by the business as it continues to scale, while also making investments in tangible and intangible assets of £7.4 million (2022: £4.9 million) and absorbing an increase in payments made on property leases to £0.5m (2022: £0.3m).

Taxation

The tax charge arising during the period of £13.7 million (2022: £10.5 million) indicates an effective tax rate of 36% (2022: 24%) which reflects adjustments for disallowable costs associated with the listing. The tax rate takes account of the corporation tax rate and banking surcharge.

Investments

Capital expenditure for the year ended 31 December 2023 was £7.4 million (2022: £4.9 million), of which £7.0 million (2022: £4.5 million) related to capitalised software. Ultimately this was lower than expectation for the year, which was due to the Chief Technology Officer undertaking a review of the Technology function and ensuring resource alignment and appropriate prioritisation of the change portfolio before significantly increasing the rate of spend during the tail end of the year.

Balance Sheet

2023 has been a year in which we have continued to build solid foundations and financial health across our balance sheet. As at 31 December 2023, our High-Quality Liquid Assets (HQLA) stood at £1.3 billion (2022: £1.2 billion) providing deep liquidity access to the business to support our ongoing growth, far exceeding our minimum prudential requirements with LCR now standing at 152% (2022: 158%).

The Group remains debt free with no debt securities in issue, we are proud that our debt free and highly-liquid balance sheet enables us to move in an agile manner to seize on growth opportunities. We have continued to reinvest our profits into the long-term growth prospects of the Group whilst simultaneously growing our capital base with CET1 now standing at £107.5 million (2022: 84.5 million).

During the year we made provisions for credit losses of £0.4 million (2022: £0.3 million) with impairment provisions at 31 December 2023 of £0.9 million (2022: £0.5 million). The bank experienced its first ever credit loss this year which has been fully provisioned for and has had no material impact on returns or balance sheet metrics.

Other Matters

During the year, the Group undertook three activities of note which were covered in detail as part of the half year interim results announcement detailed in H1 2023:

1. The Group restructured its shares in issue to only have one class of ordinary share ‘class A shares’;
2. The Group undertook, as part of the pre-IPO shareholding restructure, a payment in dividends to shareholders; and
3. The Group also disposed of Crown Agents Asset Investment Management (CAIM) and JCF Nominees Limited (JCF) with effect from 31 March 2023.

[1] See alternative performance measures on page 106 for definition.

Income Statement for Continuing Operations (£m)	Year ended 31 December		Year-on-year %
	2023	2022	
FX Income	68.5	63.4	8%
Payment FX	19.9	19.5	2%
Banking and other payments	14.3	14.3	0%
Total Payments Income	**34.2**	**33.7**	**2%**
Net Interest income from cash management	31.7	10.1	215%
Other Banking Income	2.6	2.3	14%
Total Banking Services Income	**34.3**	**12.3**	**179%**
Gross Income	**137.1**	**109.4**	**25%**
Staff costs	(45.6)	(35.8)	27%
Other Operating Expenses	(26.5)	(18.3)	45%
Depreciation and amortisation	(5.8)	(5.7)	2%
Total Recurring Operating Expenses	**(77.9)**	**(59.9)**	**30%**
Impairment Provision [1]	(0.4)	(0.3)	18%
Non-recurring Operating Expenses	(21.1)	(5.3)	296%
Profit before Tax	37.6	43.9	(14)%
Tax	(13.7)	(10.5)	31%
Profit after tax	23.9	33.4	(29)%

[1] Includes movements in the Expected Credit Losses (ECL) provision reported as reversal/impairment (loss) on financial assets at amortised cost on the interim condensed consolidated statement of profit or loss and other comprehensive income.

Balance Sheet (£m)	Year ended 31 December		Year-on-year %
	2023	2022	
Cash and balances at central banks	528.4	607.4	(13)%
Money market funds	518.8	209.5	148%
Investment in debt securities	353.0	414.1	(15)%
Loans and advances	281.0	188.1	49%
PP&E	1.2	1.6	(25)%
Right of use assets	0.7	1.1	(39)%
Intangible assets	24.3	21.9	9%
Other assets	25.2	41.7	(40)%
Total assets	1,732.5	1,485.5	17%
Client accounts	1,542.9	1,305.6	18%
Derivative financial liabilities	9.7	4.6	112%
Lease liabilities	0.9	1.3	(31)%
Other liabilities	47.5	58.1	(18)%
Total liabilities	1,601.0	1,369.5	17%
Total equity	131.5	116.0	13%

Consolidated Statement of Profit or Loss
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Continuing operations			
Interest income	4	52,353	17,171
Interest expense	4	(30,854)	(10,398)
Net Interest Income		**21,499**	**6,773**
Gains on money market funds		11,036	3,584
Net gain on financial assets and financial liabilities mandatorily held at fair value through profit or loss		1,232	1,009
Fees and commission income	5	14,571	15,797
Net foreign exchange gain	6	88,417	82,756
Revenue, net of interest expense		**136,755**	**109,919**
Other operating income / (loss)	7	313	(484)
Total income, net of interest expense		**137,068**	**109,435**
– Recurring	8	(77,946)	(59,870)
– Non-recurring	8	(21,101)	(5,332)
Operating expenses		(99,047)	(65,202)
Impairment loss on financial assets at amortised cost	37	(404)	(342)
Profit before taxation		**37,617**	**43,891**
Tax expense	9	(13,727)	(10,456)
Profit after tax for the year from continuing operations		**23,890**	**33,435**
Discontinued operations			
Loss after tax for the year from discontinued operations	10	(153)	(67)
Profit for the year		**23,737**	**33,368**

Profit for the year attributable to:			
– Owners of the parent	28	22,713	31,001
– Non-controlling interests	31	1,024	2,367
		23,737	**33,368**

		2023 pence	2022 pence
Basic and diluted earnings per share	44		
Continuing operations		**10**	14
Discontinued operations		**–**	–
Total basic and diluted earnings per share		**10**	14

The notes on pages 19 to 104 form part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Profit for the year		**23,737**	**33,368**
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange (losses)/gains on translation of foreign operations	30	(121)	119
Items that will not be reclassified subsequently to profit or loss:			
Movement in investment revaluation reserve for equity instruments at fair value through other comprehensive income	29	27	88
Income tax relating to these items	23	(12)	(17)
Other comprehensive (loss)/income net of tax		**(106)**	**190**
Total comprehensive income		**23,631**	**33,558**
Total comprehensive income attributable to:			
– Owners of the parent		22,617	31,177
– Non-controlling interests	31	1,014	2,381
		23,631	**33,558**

The notes on pages 19 to 104 form part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 December 2023

	Note	As at 31 December 2023 £'000	As at 31 December 2022 (restated[1]) £'000
Assets			
Cash and balances at central banks	11	528,396	607,358
Money market funds	12	518,764	209,486
Loans and advances on demand to banks	13	135,178	90,209
Investments in debt securities	15	353,028	414,061
Other loans and advances to banks[1]	13	137,570	85,465
Other loans and advances to non-banks[1]	13	8,216	12,447
Unsettled transactions[2]	18	8,417	16,071
Derivative financial assets	14	3,829	6,567
Investments in equity securities	16	495	488
Other assets[2]	18	11,200	16,409
Accrued income	17	1,215	856
Property, plant and equipment	19	1,191	1,579
Right of use assets	20	689	1,134
Intangible assets	21	24,294	21,919
		1,732,482	**1,484,049**
Assets classified as held for sale	10	–	1,387
Total assets		**1,732,482**	**1,485,436**
Liabilities			
Client accounts	24	1,542,889	1,305,551
Derivative financial liabilities	14	9,679	4,543
Unsettled transactions	25	20,081	25,782
Other liabilities	25	8,121	11,517
Accruals	25	18,367	19,364
Lease liabilities	20	884	1,281
Deferred tax liability	23	695	316
Provisions	26	236	79
		1,600,952	**1,368,433**
Liabilities classified as held for sale	10	**–**	1,045
Total liabilities		**1,600,952**	**1,369,478**
Equity			
Called up share capital	27	85	68,010
Retained earnings	28	131,478	40,179
Investment revaluation reserve	29	111	96
Foreign currency translation reserve	30	(144)	(31)
Equity attributable to owners of the parent		**131,530**	**108,254**
Non-controlling interests	31	**–**	7,704
Shareholders' funds		**131,530**	**115,958**
Total liabilities and equity		**1,732,482**	1,485,436

Company registration number - 09659405

1 Prior year restatement note is disclosed on Note 13.
2 Prior year restatement note is disclosed on Note 18.

The notes on pages 19 to 104 form part of these consolidated financial statements.

The Board of Directors approved the consolidated financial statements on 25 March 2024.

B Trivedi
Group Chief Executive Officer

R Hallett
Group Chief Financial Officer

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Attributable To Owners Of The Parent				Total £'000	Non-Controlling Interest (NCI) £'000	Total Shareholders' Funds £'000
	Share Capital £'000	Retained Earnings £'000	Investment revaluation reserve £'000	Foreign currency translation reserve £'000			
Balance at 1 January 2023	**68,010**	**40,179**	**96**	**(31)**	**108,254**	**7,704**	**115,958**
Profit for the year (Note 31)	**–**	**22,713**	**–**	**–**	**22,713**	**1,024**	**23,737**
Other comprehensive income:							
Foreign exchange losses on translation of foreign operations (Note 30)	**–**	**–**	**–**	**(111)**	**(111)**	**(10)**	**(121)**
Movement in investment revaluation reserve for equity instruments at fair value through other comprehensive income (Note 29)	**–**	**–**	**27**	**–**	**27**	**–**	**27**
Income tax relating to these items (Note 23)	**–**	**–**	**(12)**	**–**	**(12)**	**–**	**(12)**
Other comprehensive loss net of tax	**–**	**–**	**15**	**(111)**	**(96)**	**(10)**	**(106)**
Total comprehensive income/(loss)	**–**	**22,713**	**15**	**(111)**	**22,617**	**1,014**	**23,631**
Transactions with owners in their capacity as owners:							
Share based payment expense (Note 32)	**–**	**1,313**	**–**	**–**	**1,313**	**46**	**1,359**
Issuance of new shares (Note 27)	**11**	**(11)**	**–**	**–**	**–**	**–**	**–**
Capital injection in subsidiary (Note 28)	**–**	**3,661**	**–**	**–**	**3,661**	**296**	**3,957**
Change in ownership interest in subsidiary (Note 27e)	**–**	**(543)**	**–**	**–**	**(543)**	**–**	**(543)**
Share capital reduction (Note 27)	**(67,936)**	**67,936**	**–**	**–**	**–**	**–**	**–**
Dividends declared (Note 28)	**–**	**(11,300)**	**–**	**–**	**(11,300)**	**(1,540)**	**(12,840)**
FX translations adjustment	**–**	**–**	**–**	**8**	**8**	**–**	**8**
Acquisition of NCI (Note 28, Note 30)	**–**	**7,530**	**–**	**(10)**	**7,520**	**(7,520)**	**–**
Total	**(67,925)**	**68,586**	**–**	**(2)**	**659**	**(8,718)**	**(8,059)**
Balance at 31 December 2023	**85**	**131,478**	**111**	**(144)**	**131,530**	**–**	**131,530**
Balance at 1 January 2022	**68,010**	**8,442**	**30**	**(141)**	**76,341**	**5,222**	**81,563**
Profit for the year (Note 28)	–	31,001	–	–	31,001	2,367	33,368
Other comprehensive income:							
Foreign exchange gains on translation of foreign operations (Note 30)	–	–	–	110	110	9	119
Movement in investment revaluation reserve for equity instruments at fair value through other comprehensive income (Note 29)	–	–	82	–	82	6	88
Income tax relating to these items (Note 23)	–	–	(16)	–	(16)	(1)	(17)
Other comprehensive income net of tax	–	–	66	110	176	14	190
Total comprehensive income	–	31,001	66	110	31,177	2,381	33,558
Transactions with owners in their capacity as owners:							
Share based payment expense (Note 32)	–	388	–	–	388	–	388
Change in NCI percentage (Note 31)	–	348	–	–	348	101	449
Total	–	736	–	–	736	101	837
Balance at 31 December 2022	**68,010**	**40,179**	**96**	**(31)**	**108,254**	**7,704**	**115,958**

The notes on pages 19 to 104 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

	Note	2023 £'000	Restated 2022 £'000
Cash inflow/(outflow) from operating activities[1]	34	**321,476**	**(233,413)**
Tax paid		(14,084)	(9,583)
Payments for interest on lease liabilities	20	(65)	(19)
Net cash generated from/(used in) operating activities[1]		**307,327**	**(243,015)**
Cash flow used in investing activities			
Purchase of property, plant and equipment	19	(422)	(346)
Purchase of intangible assets	21	(6,982)	(4,538)
Purchase of investments in subsidiary undertakings		(543)	–
Proceeds from sale of investment in CAIM	10	2,133	–
Net cash used in investing activities		**(5,814)**	**(4,884)**
Cash flow used in financing activities			
Repayment of principal portion of the lease liability	20	(462)	(252)
Proceeds from shares issued to non-controlling interests	28	973	–
Dividends paid	28	(12,840)	–
Net cash used in financing activities		**(12,329**	**(252)**
Net increase/(decrease) in cash and cash equivalents[1]		**289,184**	**(248,151)**
Cash and cash equivalents at the beginning of the year		907,053	1,120,109
Effect of exchange rate changes on cash and cash equivalents[1]		(13,899)	35,095
Cash and cash equivalents at the end of the year		**1,182,338**	**907,053**
Analysed as follows:			
Cash and balances at central banks	11	528,396	607,358
Money market funds	12	518,764	209,486
Loans and advances on demand to banks	13	135,178	90,209

1 Prior year restatement note is disclosed on Note 34.

The notes on pages 19 to 104 form part of these consolidated financial statements.

Company Statement of Financial Position
as at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Loans and advances receivable from subsidiary undertaking	13	658	–
Receivables from subsidiary undertaking	35	4,239	–
Other assets	18	188	–
Investments in subsidiary undertakings	22	164,380	63,384
		169,465	63,384
Assets classified as held for sale	10	–	2,181
Total Assets		**169,465**	**65,565**
Liabilities			
Payables to subsidiary undertaking	35	19,406	1,198
Other liabilities	25	422	–
Accruals	25	1,022	321
Total Liabilities		**20,850**	**1,519**
Equity			
Called up share capital	27	85	68,010
Merger relief reserve	27	100,442	–
Retained earnings	28	48,088	(3,964)
Shareholders' funds		**148,615**	**64,046**
Total equity and liabilities		**169,465**	**65,565**

Company registration number - 09659405

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting its own profit or loss and other comprehensive income statement. The loss for the year of £4,584k (2022: £1,891k) has been accounted for in the financial statements of the Company.

The notes on pages 19 to 104 form part of these financial statements.

The Board of Directors approved the Company financial statements on 25 March 2024.

B Trivedi
Group Chief Executive Officer

R Hallett
Group Chief Financial Officer

Company Statement of Changes in Equity
for the year ended 31 December 2023

	Called up share capital £'000	Merger relief reserve £'000	Retained earnings £'000	Total Shareholders' Funds £'000
Balance at 1 January 2023	**68,010**	**–**	**(3,964)**	**64,046**
Loss for the year (Note 28)	–	–	(4,584)	(4,584)
Total comprehensive income	**68,010**	**–**	**(8,548)**	**59,462**
Transactions with owners in their capacity as owners:				
Issuance of new shares (Note 27)	11	100,442	–	100,453
Share capital reduction (Note 27)	(67,936)	–	67,936	–
Dividends declared (Note 28)	–	–	(11,300)	(11,300)
Total	**67,925**	**100,442**	**56,636**	**89,153**
Balance at 31 December 2023	**85**	**100,442**	**48,088**	**148,615**
Balance at 1 January 2022	**68,010**	**–**	**(2,073)**	**65,937**
Loss for the year (Note 28)	–	–	(1,891)	(1,891)
Total comprehensive income	**–**	**–**	**(1,891)**	**(1,891)**
Transactions with owners in their capacity as owners:	–	–	–	–
Total	–	–	–	–
Balance at 31 December 2022	**68,010**	**–**	**(3,964)**	**64,046**

The notes on pages 19 to 104 form part of these financial statements.

Company Statement of Cash Flows
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash inflow from operating activities	34	10,368	–
Net cash inflow from operating activities		**10,368**	–
Cash flow from investing activities			
Sale of investments		2,133	–
Purchase of investments in subsidiary undertakings		(543)	–
Net cash generated from investing activities		**1,590**	–
Cash flow used in financing activities			
Dividends paid		(11,300)	–
Net cash used in financing activities		**(11,300)**	–
Net increase in cash and cash equivalents		**658**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**658**	–
Analysed as follows:			
Loans and advances receivable from subsidiary undertaking		**658**	–

The notes on pages 19 to 104 form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2023

1. Statement of Accounting Policies

The following accounting policies relate to the financial statements of CAB Payments Holdings plc (the Company) and its subsidiaries (collectively referred to as the Group).

a) General information

On 6 March 2023 the Company changed its name from CABIM Limited to CAB Payments Holdings Limited. On 4 July 2023 the Company was reregistered as a public limited company, CAB Payments Holdings plc, to comply with listing requirements. The Company is incorporated and domiciled in England. The address of its registered office as at 31 December 2023 is Quadrant House, The Quadrant, Sutton SM2 5AS, England. The ordinary shares of the Company were admitted to conditional trading on the London Stock Exchange on 6 July 2023 and unconditional trading on 11 July 2023. The Company's shares trade under the ticker code of CABP.L.

The Group provides regulated banking services that connect emerging and frontier markets to the rest of the world, using foreign exchange ('FX') and payments technology.

b) Basis of preparation

The consolidated and Company financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies set out within these financial statements, and in accordance with the UK adopted International Accounting Standards (UK-adopted International Financial Reporting Standards ('IFRSs')) in conformity with the applicable legal requirements of the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out in this Note. These accounting policies have been consistently applied to all the years presented unless otherwise stated. The balance sheet has been presented in order of liquidity.

Comparatives have been restated due to prior period errors set out in Note 13, Note 18 and Note 34. This restatement was not as a result of a change of accounting policies and there is no impact to profit or loss and equity.

The preparation of consolidated and Company financial statements in conformity with IFRS as adopted by the UK requires the use of certain critical accounting estimates which have been disclosed in Note 2.

The consolidated and Company financial statements are presented in British Pound Sterling ("£''). All values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The Group and the Company have adopted the following new or amended IFRSs and interpretations that are effective from 1 January 2023, none of which had any material impact on Company's or the Group's consolidated financial statements and the Company's financial statements.

Accounting standard	Amendment/interpretation
Amendments to IAS 8 Accounting Policies	Changes in accounting estimates and errors/ definition of accounting estimates – effective for annual reporting periods commencing 1 January 2023.
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Issued May 2021).
Amendments to IAS 12	Implementation of Pillar 2 tax – effective for annual reporting periods commencing 1 January 2023 but not applicable because the group annual revenues are below €750 million.
IFRS 17 – Insurance Contracts and amendments to IFRS 17	Effective for annual reporting periods commencing 1 January 2023.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosures of Accounting Policies	Effective for annual reporting periods commencing 1 January 2023.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of the entities controlled by the Company i.e., its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

A subsidiary is an entity controlled directly or indirectly by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

Non-Controlling Interest ('NCI') in subsidiaries is identified separately from the Group's equity therein. Interests of non-controlling shareholders represent ownership interests entitling them to a proportionate share of net assets upon liquidation initially being measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Subsequent to acquisition, the carrying amount of the non-controlling interest is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance. Following the capital re-organisation in July 2023, there is no Non-Controlling Interest ('NCI') at 31 December 2023 (Note 31).

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

d) Going concern

The Directors have assessed the ability of the Company and of the Group to continue as a going concern based on the net current asset position, regulatory capital requirements and estimated future cash flows. The Directors have formed the view that the Company and the Group have adequate resources to continue in existence for a period of 12 months from when these financial statements are authorised for issuance. Accordingly, the financial statements of the Company and the Group have been prepared on a going concern basis.

Critical to reaching this view were:

- The output of internal stress assessments which were conducted on a Company and Group level and modelled the impact of severe yet plausible stresses which underpinned the ICAAP assessment.
- The output of the Reverse Stress Testing assessment which modelled the scenarios that would have to occur in order for the Group to fall below its Total Capital Requirement (being the aggregate of Pillar 1 and Pillar 2A capital requirements).

In reaching their conclusions, the Directors also considered the outputs of the 2023 ILAAP, the 2023 ICAAP and the 2023 Recovery Plan.

i. Internal stress assessments

In total, three stresses were considered:

- Market & Climate Change Stress which modelled the impacts of a severe global recession which leads to increased credit defaults and widespread credit rating downgrades, a low interest rate environment detrimentally impacting Net Interest Income and £ sharply depreciating against USD which led to material increases in USD denominated Credit Risk Weighted Assets ("RWA").
- Idiosyncratic Stress which modelled the impact of a material reduction in revenue driven by idiosyncratic events.
- A Combined Stress which modelled the impact of the Market & Climate Stress occurring concurrently with the Idiosyncratic Stress.

In all the stresses noted above both the Company and the Group maintained sizeable surpluses to Total Capital Requirement.

ii. Reverse stress tests

The Reverse Stress tests are used to assess vulnerabilities of the Group and determine what extreme adverse events would cause the business to fail. Where any of these events are deemed to be plausible, the Group will adopt measures to mitigate the impact of such events where plausible.

The Group did not identify reasonably possible scenarios which could result in failure to continue in operational existence for a period of twelve months from when these financial statements are authorised for issuance.

iii. Conclusion

The Directors are of the view that:

- There are no material uncertainties relating to events or conditions that cast significant doubt on the Company and the Group's ability to continue as a going concern.
- The significant judgements and estimates made by management in determining whether or not the adoption of the going concern is appropriate are disclosed in note 2.1. The forecasts and assumptions used for impairment assessments were the same used for going concern assessment.
- There are no material uncertainties to disclose in respect of going concern.

Accordingly, the financial statements have been prepared on a going concern basis.

e) Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments, including interest accruals on related foreign exchange contracts, are recognised within Net interest income in the statements of profit or loss and other comprehensive income. The interest expense on financial liabilities and interest income on assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, is recognised using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

f) Fees and commission income

Fees and commissions receivable which are not an integral part of the effective interest rate are recognised as income as the Group fulfils its performance obligations. Fee and commission income include following key revenue streams:

- **Account management and payment services:** the Group's performance obligation in relation to account management services is to provide management or maintenance services to its current account holders. The revenue for these services is recognised over the period of time on a monthly basis as fees are received and Crown Agents Bank Ltd ('CAB') provides the service.

  Payment services fees relate to payment services offered by the Group to its clients by executing payment transactions. Revenue from providing services is recognised at a point in time when the services are rendered i.e. when the payments are executed.

- **Pension payment fees:** pension payment fees are charged to pension companies for making payment to pension beneficiaries on their behalf. The Group acts as a principal in rendering these services to its clients. Revenue from providing services is recognised at a point in time when the services are rendered i.e., when the payments are executed.

- **Trade finance income**
  - Financial guarantee income: financial guarantee income includes fixed fees earned by the Group for issuing financial guarantee contracts. The performance obligation of the Group is to provide financial assurance to the recipient of the guarantee in case of payment default. Revenue from providing financial guarantee services is recognised over the period of time across the contract term. The fees for providing financial guarantee services are charged and collected upfront.
  - Income from letters of credit: the Group also receives certain fees in respect of its finance business against the issue of letters of credit where the performance obligations are typically fulfilled towards the end of the client contract. Where it is unlikely that the letter of credit will be exercised, letter of credit fees are recognised in fee and commission income over the life of the facility, rather than as an adjustment to the effective interest rate for loans expected to be drawn. The fees for acceptance of letter of credits include fee are charged and collected upfront. Other charges relating to the services offered including advising fees, confirming bank's fees and bank charges, all of which are collected on the completion of the term of the letter of credit.

- **Electronic platform fees:** these fees include the services provided by the Group using its electronic platform to facilitate bulk payments to its clients. Revenue from providing platform fees services are recognised at a point in time when the services are rendered i.e., when the payments are executed.

- **Risk assessment fees:** risk assessment services include income from enhanced due diligence services provided by the Group under fixed price contracts. Revenue from providing services is recognised over the period of time in the accounting period on the basis of the actual service provided. As the fixed contracts are time-based contracts, revenue is determined based on the time elapsed relative to the total time as per the contract period. The invoicing for the risk assessment services is done on the completion of services or on a quarterly basis in accordance with the contractual terms. No significant element of financing is deemed present as the services provided allow a credit term of 30 days.

- **Introductory commission:** this is commission earned by the Group for introducing a new client to a third party to facilitate cash payment transactions. Revenue is recognised at a point in time when the services are rendered by the third party.

g) Net foreign exchange gain

Net foreign exchange gain comprises the following:

- **Profit on settlement of foreign exchange contracts and remeasurement of non-sterling balances:** these profits arise on foreign exchange settlements involving the transfer of client funds to specified recipients. Under the Group's foreign exchange and payment services, clients agree to terms and conditions for all transactions at the time of signing a contract with the Group. On trade date the Group measures these transactions at fair value, further changes in fair value are recognised in profit or loss until the settlement of the contract. The remeasurement of non-sterling balances is performed daily via the translation of foreign currency balances at daily spot rates, with changes taken to profit and loss.

- **Fair value gains or losses on derivatives:** this income comprises the profits and losses on remeasurement of forward foreign exchange derivatives carried at fair value through profit and loss ('FVTPL').
- **Foreign exchange gain on payment transaction revenue:** a foreign exchange gain or loss on payment transactions is the difference between the spot exchange rate between the functional currency and the foreign currency at the date of the payment transaction.

h) Foreign currency

(i) Functional and presentational currency

The Company and the Group's functional and presentational currency is British Pounds Sterling (''£'').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated to the functional currency using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss except for foreign exchange gains and losses in relation to instruments measured at fair value through other comprehensive income ('FVTOCI') which are recognised in other comprehensive income ('OCI').

(iii) Effects of foreign exchange movements on consolidated statement of cash flows

The consolidated statement of cash flows includes cash flows in currencies other than GBP. Such cash flows should be reported at the GBP equivalent of the cash flow at the time of the transaction. In order to calculate such cash flows during the period, the approach taken has been to remove from movement in the GBP equivalent at the beginning and end of the year, the effect of the movement in the GBP balance caused solely by changes in the underlying exchange rate.

The Group's systems do not presently allow extraction of the amount of FX gains and losses recognised in P&L on the retranslation of cash and cash equivalents, for which an adjustment needs to be made to operating profit for the purposes of arriving at cash flows from operating activities and presented at the foot of the cash flow statement as a reconciliation of the opening and closing cash and cash equivalent balance. Historically the effects of foreign exchange rate movements on the GBP equivalent balance recognised in P&L for the purposes of this adjustment has been determined by calculating the movement of the GBP equivalent of the opening currency balance using the exchange rates at the beginning and the end of the year. Management have reconsidered the approach previously applied and have produced a report which now factors in daily movements at the daily closing rate to estimating the FX gains and losses on cash and cash equivalents recognised in P&L. Applying this more sophisticated approach has revealed that the adjustment made in 2022 was materially different to the more sophisticated approach used to estimate the 2023 adjustment. Therefore, the comparative reconciliation of profit to cash flows from operating activities has been restated so that it is consistent with the approach used in the current period.

(iv) Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to the Group's presentational currency at exchange rates prevailing on the balance sheet date. Income and expense items are translated at daily exchange rates at the date of transactions.

Foreign exchange differences arising on the translation of a foreign operation are recognised in other comprehensive income and accumulated in the Foreign Currency Translation Reserve ('FCTR').

i) Taxation

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current or deferred tax assets or liabilities are not discounted.

Current tax

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

If a company within the Group incur losses within the period, that company may surrender trading losses and other amounts eligible for relief from corporation tax to another group company (the claimant company) for the claimant company to set off against its own profits for corporation tax purposes as permitted by HMRC.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

j) Intangible assets (excluding Goodwill)

Intangible assets (except for Goodwill) are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amount to be amortised, of the assets to their residual values over their estimated useful lives, as follows:

Core accounting software – 12.5 years[1]

Other software – 5 years (or over the life of the licence if less)

Brand/name – 50 years (acquired)

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that does not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Long term software-as-a-service type contracts that do not meet the definition of an asset (rental of software) are expensed to profit and loss over the period of the contract in line with the benefits received.

1 The amortisation period for core accounting software changed from 10 years in 2022 to 12.5 years in the current period. This change was prompted by a revision in our assessment of the expected useful life of this intangible asset, and accurately reflect the economic reality of this system as it will continue in use until at least 31 December 2026. As a result of this change, we have adjusted the amortisation expense prospectively in line with requirements of IAS 8. The impact on the depreciation balance in each year is as follows:

	2023 £'000	**2024 £'000**	**2025 £'000**	**2026 £'000**
Previous useful life	838	419	-	-
New useful life	314	314	314	314
Impact of change in estimate	**524**	**105**	**(314)**	**(314)**

k) Property, plant and equipment and depreciation
Property, plant and equipment are stated in the statement of financial position at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset becomes available for use. Depreciation is calculated to write down assets to their residual value in equal instalments over their estimated useful lives, which are:

Leasehold improvements	**Life of lease**
Computer equipment	5 years
Mobile phones	3 years
Fixtures and fittings	5 years
Artwork	20 years

l) Impairment of non-financial assets and disposal assets held for sale
At each statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired such as: a decline in operational performance, geopolitical uncertainty, economic uncertainty i.e. rising interest rates and inflation, changes in the outlook of future profitability among other potential indicators. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss unless the asset has been revalued then the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell. At initial classification of the disposal group as held for sale, the carrying amounts of all the individual assets and liabilities in the disposal group are measured in accordance with the Group's accounting policies. If fair value less costs to sell for the disposal group is below the aggregate carrying amount of all of the assets and liabilities included in the disposal group, the disposal group is written down. The impairment loss is recognised in profit or loss for the period.

m) Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with commercial or central banks and exposures to money market funds (transacted via open ended investment companies). Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

n) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of any non-controlling interest in the acquiree.

Goodwill is tested for impairment at the end of each accounting period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill is accounted for at cost less accumulated impairment losses.

o) Financial instruments
Financial assets and financial liabilities are recognised in the Company and Group statements of financial position when the Company or Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. The trade date is the date of the commitment to buy or sell the financial asset.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

Financial assets that meet the following conditions are measured subsequently at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

Despite the foregoing, the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if equity instruments are held as a strategic investment and not held with the intention to realise a profit.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

The Group's financial assets measured at amortised cost comprise primarily of:

- Cash and balances at central banks
- Loans and advances on demand to banks
- Other loans and advances to banks
- Other loans and advances to non-banks
- Investment in debt securities
- Unsettled transaction and
- Other assets such as balances with mobile network operators, staff loans, transactions debited by third party Nostro providers.

The Group's financial assets measured at FVTPL comprise primarily of money market funds and derivative financial instruments.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in Note 43.

The Group's financial assets designated at FVTOCI comprise primarily of its investments in equity securities, which are not held for trading (Note 16).

The equity instruments are held as a strategic investment and not held with the intention to realise a profit.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other operating income/(loss) ' line item (Note 7) in the statement of profit or loss and other comprehensive income.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost (Note 1 (e)) above. Interest income is recognised in the statement of profit or loss and other comprehensive income in the 'Net interest income' line item (Note 4).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Classification of financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss.

Financial liabilities at fair value through profit and loss
The Group's financial liabilities at fair value through profit and loss comprise primarily of derivative liabilities (see below for policy on derivative financial instruments).

Financial liabilities at fair value through profit and loss are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

Financial liabilities at amortised cost
The Group's financial liabilities at amortised cost comprise primarily of client accounts, unsettled transactions and other liabilities such as trade creditors, funds received in advance, transactions credited by third party Nostro providers and other creditors.

Financial liabilities at amortised cost are measured subsequently at amortised cost using the effective interest method (see Note 1(e) above).

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(iii) Derivative financial instruments

The Group's derivatives policy only permits dealing in forward foreign exchange contracts to hedge or provide services to clients.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the reporting date.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting is not applied.

(iv) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(vi) Financial guarantee contracts and letter of credit confirmations/bill acceptances – provisions

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Letters of credit confirmations/bill acceptances
Letters of credit confirmation/acceptance is a letter from an issuing bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. The Group confirms/accepts the letters of credit issued by an issuing bank and charges fixed fees which are received either in advance or at a later date.

Fees relating to financial guarantee contracts and letter of credit confirmations / bill acceptances issued by the Group fees can be received upfront and these fees are amortised on a straight-line basis to income over the year. When fees for financial guarantee contracts and letter of credit confirmations/ bill acceptances issued by the Group are received at termination date, they are recognised initially at zero, as the term has not yet started. The receivable increases over the life of the contract as service is performed with the corresponding recognition of income in the statement of profit or loss.

All financial guarantee contracts issued by the Group are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts and letter of credit confirmations / bill acceptances are presented as provisions on the statement of financial position and the remeasurement is included within the reversal of impairment / (impairment loss) on financial assets at amortised cost.

(vii) Impairment of financial assets
The Group recognises loss allowances for Expected Credit Loss (ECL) in accordance with IFRS 9 on the following financial instruments that are not measured at FVTPL and are not equity instruments measured at FVTOCI:

- Cash and balances at central banks.
- Loans and advances on demand to banks (comprising nostro balances).
- Other loans and advance to banks (comprising fixed term deposits).
- Other loans and advances to non-banks (comprising receivables from Non-Bank Financial Institutions (''NBFIs'') and other non-banks.
- Investment in debt securities.
- Other assets (financial assets included are balances with mobile network operators, transactions debited by third party nostro providers, staff loans, late receipts).
- Accrued income.
- Off – balance sheet financial assets (comprising Financial guarantees, Liquidity as a Service (''Laas'') and letters of credit confirmations / bill acceptances).
- Unsettled transactions.

Equity investments are not subject to impairment, consistent with IFRS 9.

ECLs are required to be measured through a loss allowance at an amount equal to:

- twelve-month ECL (referred to as Stage 1); or
- full lifetime ECL (referred to as Stage 2 and Stage 3).

For Stages 1 and 2, interest revenue is calculated on the gross carrying amount. Under Stage 3, interest revenue is calculated based on the net carrying amount (gross amount less ECL).

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For these financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Significant increase in credit risk
The Group monitors all financial assets, financial guarantee contracts and letter of credit confirmations/bill acceptances that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than twelve-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- economic uncertainty i.e., inflation and rising interest rates;
- geopolitical uncertainty;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset with a credit rating of 'investment grade' in accordance with the globally understood definition, and a high credit risk when the asset has a credit rating of 'sub-investment grade'. Throughout the lifetime of the account, the Group monitors the behaviour of the asset based on its financial position and assesses whether the asset has any amounts past due. The Group assigns a 'performing' status when the counterparty has a strong financial position and there is no past due amounts, and a 'non-performing' status when there is a degradation in the financial position and subsequent arrears.

For financial guarantee contracts and letter of credit confirmations/bill acceptances, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet the earlier of either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECLs
ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's Effective Interest Rate ('EIR').

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described in Note 37. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts and letter of credit confirmations/bill acceptances, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract and letter of credit confirmations/bill acceptances, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to twelve-month ECL at the current reporting date.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Presentation of ECL
Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- financial guarantee contracts: as a provision.

The Group recognises an increase or decrease in impairment in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

p) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, medical insurance and defined contribution pension plans. The Group also provides to Executive Directors and certain other key employees or senior management:

- a Long-Term Incentive Plan;
- the rights to invest in restricted shares of Group companies;
- the rights to restricted share units of Group companies;

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Pension contributions

All pension contributions are accounted for as defined contributions and paid over on a monthly basis. No liability for pension entitlement accrues to the Group.

Long term incentive plan and restricted shares/restricted share units plan

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value of the equity instruments at the grant date. The fair value is expensed on a straight-line basis over the vesting period. The fair value of the employee services received in exchange for the grant of the awards is recognised in employee benefit expenses together with a corresponding increase in equity (retained earnings), over the period in which the service and the performance conditions are fulfilled (the vesting period).

Long term incentive plan (“LTIP”) awards are subject to performance conditions. LTIP awards granted in 2023 are subject to both market performance conditions (TSR) and non-market performance conditions (EPS). Service conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award. Share awards vest when service conditions are met.

Where equity-settled arrangements are modified before the vesting date, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. If modified after vesting, it is recognised immediately. Where a modification is not beneficial to the employee there is no change to the charge for the share-based payment. Settlement and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the statements of profit or loss and other comprehensive income.

The Group has no cash-settled arrangements.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 32.

q) Investments in subsidiaries

Investments in subsidiaries are non-monetary assets measured at cost less impairment. Refer to Note 2 for the judgements and estimates involved in impairment assessment.

r) Discontinued operations and disposal group held for sale

Discontinued operations and disposal group held for sale is a component of the Group’s business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operation; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment or when the operations meet the criteria to be classified as held for sale. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

Disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

When the Group ceases to have control of an undertaking (disposal group), it is at this point that the Group ceases to consolidate the operations and any gain or loss on disposal is recognised in the Group consolidated statement of profit or loss. In addition, any movements previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

s) Provisions and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated. Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the consolidated and company financial statements but are disclosed unless they are remote.

t) Share capital

On issue of ordinary shares, any consideration received net of any directly attributable transaction costs is included in equity.

u) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the owners of the parent and based on weighted average of ordinary shares at the end of the year.

ii. Diluted earnings per share

Diluted earnings per share is calculated on the Group's profit or loss after taxation attributable to owners of the parent and based on weighted average of ordinary shares at the end of the year and the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Performance-based employee share options are treated as contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time.

v) Dividends

Dividends are recognised in the financial statements when they are declared and approved by the Board of Directors. This is because the approval of a dividend creates a legal obligation for the Company to pay the dividend to its shareholders.

w) Leases (Group as lessee)

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets (such as small items of fixtures and equipment and value of less than £10,000). For these leases, the Group recognises the lease payments as an Operating Expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group.

Lease payments included in the measurement of the Group's lease liabilities are fixed lease payments less any lease incentives receivable.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs and estimations of any dilapidation obligations. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets' policy.

x) New and revised IFRS accounting standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued and endorsed for use in the UK but are not yet effective.

Accounting standard	Details of amendment
Amendments to IAS 1	Classification of Liabilities as Current or Non-current: clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least twelve months at the reporting date. The right needs to exist at the reporting date and must have substance.
Amendments to IFRS 16, Leases	Lease Liability in a Sale-and-Leaseback requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows: • On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognised.
IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures (Amendment)	Supplier Finance Arrangements requires an entity to disclose qualitative and quantitative information about its supplier finance programmes, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided.
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates:	Lack of Exchangeability (Issued August 2023).

The Group does not expect that the adoption of the Standards listed above will have a material impact on the consolidated and Company Financial Statements of the Group and the Company in future periods. The effective date of these amendments is 1 January 2024.

y) New sustainability standards issued by the International Sustainability Standards Board (ISSB) effective 1 January 2024

The International Sustainability Standards Board (ISSB) issued its first two sustainability reporting standards on 26 June 2023. This included:

- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1), the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain
- Climate-related Disclosures (IFRS S2), the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities

IFRS S1 and IFRS S2 are applicable for accounting periods beginning on or after 1 January 2024, but they have not yet been adopted for use in the UK. The Directors are in the process of assessing the implications of these standards.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements, apart from those involving estimation, made by management in applying the Group's accounting policies in these consolidated financial statements and the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year), which together are considered critical to the Group's results and financial position, are as follows:

2.1 Key judgements and estimates in impairment and going concern assessment

The assessment of goodwill (Note 21), intangible assets (Note 21), investments in subsidiary undertakings (Note 22) for impairment and appropriateness of going concern reflects management's best estimate of the future cash flows of the Cash Generating Units ("CGUs") and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests goodwill, intangible assets and investments in subsidiaries for impairment more frequently than once a year when indicators of impairment exist. Judgement was involved in calculating the cash flow forecasts and it involved consideration of past business performance, current market conditions and our macroeconomic outlook to estimate future earnings. Key assumptions underlying cash flow projections reflect management's outlook on interest rates and inflation, as well as business strategy, including the scale of investment in technology and automation.	**Cashflows forecasts** The future cash flows of the CGUs are sensitive to the cash flows projected for the 3 year period which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. **Discount rates (Weighted Average Cost of Capital ('WACC'))** The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. **Terminal growth rates** The terminal growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective within the Group of business units making up the CGUs. Refer to sensitivity analysis in Note 21.

2.2 Key judgements and estimates impairment of financial assets

The calculation of the Group's ECL under IFRS 9 requires the Group to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements	Estimates
Defining what is considered to be a significant increase in credit risk • Selecting and calibrating the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure At Default ("EAD") models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions • Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected loss • Making management adjustments to account for late-breaking events, model and data limitations and deficiencies, and expert credit judgements (none were noted).	Note 37 – Credit Risk sets out the assumptions used in determining ECL, and provides an indication of the sensitivity of the result to the application of different weightings being applied to different economic assumptions.

The quantitative disclosures, range of outcomes and sensitivities applied are disclosed in Note 37.

2.3 Key judgements on classification of non-recurring costs

Some of the expenses accounted for by the Group have been separately identified as non-recurring in the Consolidated Statement of Profit or Loss and Other comprehensive income on the basis that such presentation enhances the transparency and understanding of the Group's financial performance. Judgement has been applied in determining whether an item of expense is non-recurring in accordance with the Group's accounting policy. Based on an assessment of the nature, timing, and frequency of the events giving rise to certain expenses the following items have been presented as non-recurring:

- Professional costs incurred in connection with review and implementation of strategic options;
- Staff bonuses related to listing and to take on commitments.

3. Segment Reporting

Operating segments are determined by the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group's Executive Committee. The information regularly reported to the Executive Committee for the purposes of resource allocation and the assessment of performance, is based wholly on the overall activities of the Group. Based on the Group's business model, the Group has determined that it has only one reportable segment of continuing operations.

The CODM assess the profitability of the segment based on a measure of EBITDA and Adjusted EBITDA is defined as follows:

- EBITDA - Calculated as Profit before Tax and IFRS16 lease liability interest, depreciation and amortisation. Although it is typical to calculate EBITDA before interest, our net interest income is generated from operational client deposits and subsequent re-investment to generate returns for the shareholder and therefore remains included within EBITDA.
- Adjusted EBITDA - EBITDA before non-recurring operating expenses.

All revenue from external clients is generated through its operations located in the UK and on that basis is wholly attributable to the UK and all non-current assets, other than financial instruments and deferred tax assets, are located in the UK.

a) Income

The Group derives its income from continuing and discontinued operations as follows:

Year ended 31 December 2023 **Income by Business Line**	**Continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
FX	68,518	4	68,522
Payments	34,229	855	35,084
Banking services and other income	34,321	–	34,321
Total income – net of interest expense	**137,068**	**859**	**137,927**

Year ended 31 December 2022 **Income by Business Line**	**Continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
FX	63,425	26	63,451
Payments	33,661	3,362	37,023
Banking services and other income	12,349	–	12,349
Total income – net of interest expense	**109,435**	**3,388**	**112,823**

FX: The Group's FX revenue is derived from the difference between the exchange rate the Group makes available to its clients and the rate that it receives from one or more liquidity providers from whom it sources the relevant currency. Revenue categorised as FX is from clients with a need to exchange a bulk amount from one currency for another without onward payment to another party.

Payments: The Group's payments revenue include cross currency payments, same currency payments (corresponding activity income, and account management fees), pension payments and platform revenue. Cross currency payments comprise margin derived from bid-ask spreads on foreign currency conversion and fees paid by clients to transfer money from one country to another to third parties.

Same currency relates to payment services provided for payments transacted without an exchange of foreign currency largely relating to major market currency clearing and includes fees for account management activities and payments execution. Pension payments fees relate to amounts earned on processing of pension scheme foreign currency payments. Platform revenue relates to recurring fixed fees rather than fees earned on transaction volumes.

Banking services and other income: The Group also generates income from trade finance, liquidity services (including trade finance and letters of credit), and risk management consulting fees, interest earned from other placements with banks, interest earned from advances to non-banks outside Liquidity as a Service, interest from staff loans and net gains from financial 3. assets measured at fair value. The Group takes client funds earmarked for other needs as client deposits and makes short-term investment in the money market to generate gain on money market funds.

b) Profitability

The Group measures profitability for the reporting segment on an Adjusted EBITDA basis. Adjusted EBITDA is used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance. Adjusted EBITDA is useful as a measure of comparative operating performance between both previous periods, and other companies as it removes the effect of taxation, depreciation and amortisation, and non-recurring operating expenses, as well as items relating to capital structure.

Reconciliation of Profit before tax to EBITDA and Adjusted EBITDA **Year ended 31 December 2023**	**Continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
Profit /(loss) before taxation	**37,617**	**(287)**	**37,330**
Adjusted for:			
Interest expenses on lease liabilities	65	–	65
Amortisation	4,607	13	4,620
Depreciation[1]	1,243	–	1,243
EBIDTA	**43,532**	**(274)**	**43,258**
Non-recurring operating expenses	21,101	–	21,101
Adjusted EBITDA	**64,633**	**(274)**	**64,359**

Reconciliation of Profit before tax to EBITDA and Adjusted EBITDA **Year ended 31 December 2022**	**Continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
Profit/(loss) before taxation	**43,891**	**(77)**	**43,814**
Adjusted for:			
Interest expense on lease liability	19	–	19
Amortisation	4,600	51	4,651
Depreciation[1]	1,141	1	1,142
EBIDTA	**49,651**	**(25)**	**49,626**
Non-recurring operating expenses	5,332	–	5,332
Adjusted EBITDA	**54,983**	**(25)**	**54,958**

[1] Balance includes depreciation on property plant and equipment and depreciation on right of use of asset.

4. Net Interest Income

	Consolidated	
Interest Income	**2023 £’000**	**2022 £’000**
Interest on cash and balances at central banks	28,147	8,217
Interest on loans and advances	7,676	3,421
Interest on letters of credit	599	302
Interest on investment in debt securities	15,802	5,168
Other interest income and similar income[1]	129	63
Interest income	**52,353**	**17,171**
Interest expense		
Interest on financial liabilities at amortised cost	(30,685)	(10,328)
Interest expense on lease liabilities	(65)	(19)
Other interest expense[1]	(104)	(51)
Interest expense	**(30,854)**	**(10,398)**
Total net interest income	**21,499**	**6,773**

1 Other interest income and similar income and other interest expense are interest received, interest accrued or interest paid on the collateral balances paid to or received from our FX Swap Counterparties.

5. Fees and Commissions Income

	Consolidated	
	2023 £’000	**2022 £’000**
Fees and commissions income:		
Account management and payments	11,750	12,151
Pension payment fees	1,467	1,395
Trade finance	725	645
Electronic platform fees	610	785
Introductory commission	19	821
Total fees and commission income	**14,571**	**15,797**

At 31 December 2023, the Group held on its consolidated statement of financial position £531k (2022: £610k) of accrued income in respect of services provided to clients and £75k (2022: £171k) of deferred income (entirely recognised within one year) in respect of amounts received from clients for services to be provided after the year end.

6. Net Foreign Exchange Gain

	Consolidated	
	2023[1] £'000	**2022[1] £'000**
Profit on settlement of foreign exchange contracts and remeasurement of non-sterling balances	76,402	55,021
Fair value (losses)/gains on derivatives[2]	(7,884)	8,059
Foreign exchange gain on payment transaction revenue	19,899	19,676
Total	**88,417**	**82,756**

1 Includes only continuing operations. Net foreign exchange transactions relating to discontinued operations is included in Note 10.
2 Foreign exchange derivative financial instruments are mandatorily held at fair value through profit or loss. These fair value movements offset the Profit and Losses arising from the remeasurement of non-sterling balances.

7. Other Operating Income/(Loss)

	Consolidated	
	2023 £'000	**2022 £'000**
Other operating income/(loss)	313	(484)

The other operating loss balance for 2022 includes the effect of revisions to the estimate of the R&D claim accruals for the years 2020 and 2021. The claims relate to tax credits receivable from HMRC under the UK Research and Development Expenditure Credit (RDEC) scheme and are recognised in the consolidated statement of profit or loss and other comprehensive income.

The 2023 balance consists of the Group's estimate of the R&D claim in relation to 2023 and a revision of the estimate in relation to 2022.

8. Operating Expenses

	Consolidated	
	2023 £'000	**2022 £'000**
Staff costs and Directors' emoluments		
Salaries and bonuses	37,646	30,050
Share based payments	1,359	837
Social security costs	4,401	3,484
Pension costs	2,180	1,445
Fees payable to the auditors		
Audit		
- the Company	724	104
- Group companies[1]	1,090	723
Audit related services	477	**–**
Depreciation and amortisation		
Amortisation of intangible assets (Note 21)	4,607	4,600
Depreciation of property, plant, and equipment (Note 19)	798	819
Depreciation of right-of-use assets (Note 20)	445	322
Other expenses		
Low-value lease expenses	47	25
Clearing costs	2,314	2,597
Other costs of sales	–	139
Other bank charges	2,861	2,514
Software support/licenses	5,903	4,771
Process automation costs (see Note 36B(ii)(a))	2,000	2,000
Professional fees	2,573	1,112
Irrecoverable VAT	1,090	1,158
Other operating expenses	7,431	3,170
Total recurring operating expenses	**77,946**	**59,870**
Non-recurring operating expenses[2]	21,101	5,332
Total operating expenses	**99,047**	**65,202**

1 Audit fees includes £379k (2022: £221K) of prior year audit fees. Additional services provided by the auditors are noted in (a) below.

2 Non-recurring operating expenses consist of material non-recurring items that are considered exceptional in nature by virtue of their size and/or incidence and as a result of arising outside of the normal trading of the Group. In determining whether a cost is non-recurring, the Group considers the nature and frequency of similar events or transactions that have occurred in the past, as well as the likelihood of similar events or transactions in the future.

a) Non-recurring operating expenses can be analysed as follows:

	Consolidated	
	2023 £'000	**2022 £'000**
Professional costs incurred in connection with review of strategic options:	16,559	1,868
Fees related to services provided by the auditors[1]	1,250	–
Other	15,309	1,868
Bonus related to:	4,542	3,464
Listing	2,288	–
Take-on commitments	2,254	3,464
Total non-recurring operating expenses	**21,101**	**5,332**

1 Fees for audit services amounts to £125k (2022:nil) and fees for non-audit services amounts to £1,125k (2022:nil).

b) Number of employees

The monthly average number of full-time equivalent staff employed within the Group, including executive directors, was 310 (2022: 234) and the number of employees at year-end was 381 (2022; 244).

Average number of persons employed during the year by legal entity	**2023**	**2022**
Crown Agents Bank Limited	303	214
Segovia Technology Company	6	8
CAB Europe BV	1	–
Crown Agents Investment Managements	–	12
	310	**234**

9. Tax Expense

a) Analysis of tax expense for the year

i. Tax expense

	Consolidated	
	2023 £'000	**2022 £'000**
Continuing and discontinued operations		
Current tax		
Corporation tax based on the taxable profit for the year	13,079	10,569
Adjustment in respect of prior years	316	(20)
	13,395	**10,549**
Deferred tax		
Prior year	–	59
Impact of tax rate changes	–	10
Origination and reversal of temporary differences	332	(172)
	332	(103)
Total tax expense in statement of profit or loss	**13,727**	**10,446**
Analysed as follows:		
Continuing operations	13,727	10,456
Discontinued operations	(66)	(10)
Total tax expense for the year	**13,661**	**10,446**
Effective tax[1]	**36%**	**24%**

1 The effective tax rate materially exceeds the applicable tax rate since a large portion of the non-recurring expenses, (e.g., relating to the Admission) are not deductible for tax purposes.

ii. Amounts recognised directly in other comprehensive income

	2023 £'000	**2022 £'000**
Aggregate deferred tax arising in the year and not recognised in net profit or loss and recognised in other comprehensive income:		
Current year	6	17
Adjustment in respect of prior years	6	–
Deferred tax charge (Note 23)	**12**	**17**

b) Factors affecting tax expense for the year

The tax assessed for the year is higher (2022: higher) than the standard rate of Corporation Tax in the UK.

	Consolidated	
	2023 £'000	**2022 £'000**
Profit before taxation	**37,617**	**43,891**
Standard rate corporation tax of 25%/19.00% on profit before taxation (2022: 19.00%)	8,840	8,339
19.00%	1,787	8,339
25.00%	7,053	–
Effect of:		
Expenses not deductible for tax	4,514	268
Temporary differences regarding capital items	(19)	67
Losses not available for group relief	20	79
Impact of overseas tax rates	67	(40)
Tax rate changes	–	9
Permanent difference due to banking surcharge levy	642	1,695
Prior year adjustments / other	(337)	39
Total tax expense for continuing operations for the year	**13,727**	**10,456**

The Company's tax loss of £391k (2022: £60k) was surrendered to other Group companies (Corporation Tax Group Relief) as permitted by HMRC. No tax has been paid by the Company in the current year (2022:nil).

As laid out in the Finance Act 2021, from 1 April 2023 the main corporation tax rate increased to 25% (19% previously). In addition, there is a permanent difference due to banking surcharge levy of 3% (8% previously) in relation to taxable profits of banks in excess of £100 million (£25 million previously) from 1 April 2023. The effects of this increase are reflected in the consolidated financial statements. The figures above incorporate the increased tax rate in respect of timing differences expected to reverse after that date.

10. Discontinued Operations, Assets Classified as Held for Sale, Liabilities Classified as Held for Sale

a) Assets and liabilities classified as held for sale

	Consolidated	
	2023[1] £'000	**2022 £'000**
Cash at bank and in hand	–	–
Other assets	–	989
Property, plant and equipment	–	3
Intangible assets	–	395
Assets classified as held for sale	**–**	**1,387**
Derivative financial liabilities	–	(22)
Other liabilities	–	(1,023)
Liabilities classified as held for sale	**–**	**(1,045)**

1 The 2023 results presented in table A and table B above represent 3 months to 31 March 2023 when CAIM and JCF were sold.

The sale of Crown Agents Investments Managements Limited (''CAIM'') and JCF Nominees Limited ("JCF") was completed on 31 March 2023. As at 31 March 2023, the cash balance with the Group amounts to £1,608k and the Group lost control of assets totalling £1,275k and liabilities totalling £634k. There was no

impairment loss recognised in the current year or prior year in the determination of fair value less costs to sell. The consideration of £2,133k received on sale included cash and cash equivalents of £2,133k.

b) Results from discontinued operations

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' the results of CAIM and JCF are presented as discontinued operations in the current year and in the 2022 year-end. The results from discontinued operations, which are included in the consolidated statement of profit or loss and other comprehensive income, are set out below:

	Consolidated	
	2023[1] £'000	2022 £'000
Interest income	25	–
Fees and commission income	830	3,362
Net foreign exchange gain	4	26
Total income, net of interest expense	**859**	**3,388**
Operating expenses	(1,146)	(3,465)
Loss before tax	**(287)**	**(77)**
Tax on loss	66	10
Loss for the financial year	**(221)**	**(67)**
Profit on sale of discontinued operation	68	–
Other comprehensive income	–	–
Total comprehensive income	**(153)**	**(67)**

The loss from discontinued operations of £153k (2022: £67k) is attributable entirely to the owners of the Company. There was no other comprehensive income attributable to discontinued operations.

c) Cash flows from discontinued operations

	Consolidated	
	2023[1] £'000	2022 £'000
Cash flow from operating activities	(536)	148
Cash and cash equivalents at the end of the year	–	–

d) Assets classified as held for sale

In the Company financial statements, the investment in CAIM met the recognition criteria under IFRS 5 Non-current assets held for sale and discontinued operations on 20 June 2022. On initial recognition, assets classified as held for sale assets are carried at lower of their carrying value or fair value less cost to sell. The table below summarises the carrying value and impairment loss recognised on investment in CAIM.

	Company	
	2023 £'000	2022 £'000
Assets classified as held for sale at the beginning of the year	**2,181**	**-**
Investment in CAIM prior to classification as held for sale	–	3,446
Impairment loss recognised	–	(1,265)
Disposal	(2,181)	–
Assets classified as held for sale at end of year	**–**	**2,181**

The Company recognised a profit on sale of CAIM of £68k (2022: impairment £1,265k).

1 The 2023 results presented in table A and table B above represent 3 months to 31 March 2023 when CAIM and JCF were sold.

11. Cash and Balances at Central Banks

	Consolidated	
	2023 £'000	**2022 £'000**
Cash and balances at central banks	528,396	607,358
Less: Impairment loss allowance	–	–
	528,396	**607,358**
Component of cash and balances included in cashflow under:		
Cash and balances at central banks	**528,396**	**607,358**

Cash and balances at central banks include no encumbered assets (2022: £nil).

There are no restricted amounts within cash and balances at central banks. The cash and bank balance at central banks is measured at amortised cost as they meet the Solely Payment of Principal and Interest (SPPI) criterion and are held to collect the contractual cashflows.

The carrying amount of these assets is approximately equal to their fair value.

Refer to Note 37 on Credit risk for further details on impairment loss allowance.

12. Money Market Funds

	Consolidated	
	2023 £'000	**2022 £'000**
Open Ended Investment Companies		
Goldman Sachs USD Treasury Liquid Reserves Fund	380,805	209,486
Black Rock ICS USD Liquidity Fund	98,566	–
JP Morgan USD Liquidity LVNAV Fund	39,393	–
	518,764	**209,486**
Component of Money Market Funds included in consolidated statement of cashflows under:		
Cash and cash equivalent balances	518,764	209,486

Money market funds are mandatorily held at fair value through profit or loss as they do not satisfy the Solely Payment Of Principal And Interest (SPPI) criterion set out in IFRS9. The funds are all rated AAA (in 2022 and 2023) based on a basket of credit ratings agencies, all approved by the Financial Conduct Authority.

The Company had no Money Market funds throughout 2023 (2022: nil). Refer to Note 43 on fair value measurements for further details.

13. Loans and Advances

Loans and advances are measured at amortised cost as they meet the SPPI criterion and are held to collect the contractual cash flows.

	Consolidated	
	2023 £'000	Restated 2022 £'000
Loans and advances (gross)		
Loans and advances on demand to banks	135,203	90,255
Other loans and advances to banks[1]	137,597	85,516
Other loans and advances to non-banks[1]	8,712	12,647
Total	**281,512**	**188,418**
Less: Impairment loss allowance		
Loans and advances on demand to banks	(25)	(46)
Other loans and advances to banks	(27)	(51)
Other loans and advances to non-banks	(496)	(200)
Total	**(548)**	**(297)**
Net Loans and advances on demand to banks	135,178	90,209
Net Other loans and advances to banks	137,570	85,465
Net Other loans and advances to non-banks	8,216	12,447
Net loans and advances	**280,964**	**188,121**
Component of loans and advances included in the consolidated statement of cash flows under:		
Cash and cash equivalents	135,178	90,209
Total	**135,178**	**90,209**

The Group's other loans and advances to banks include £8,264k of encumbered assets (2022: £1,827k) in relation to derivative contracts with other financial institutions and the balances are not overdue. Other loans and advances to non-banks includes a loan to a related party (2023: nil; 2022: £2,251k) (see Note 35).

Refer to Note 37 on Credit risk. for further details on impairment loss allowance.

[1] **Prior period restatement note**

A prior period adjustment has been made to record a reclassification of a counterparty which was incorrectly recognised in Other loans and advances to banks instead of Other loans and advances to non-banks. There was no impact to profit or loss, equity or earnings per share. The 31 December 2022 consolidated statement of financial position has been restated as follows:

Consolidated financial statements as at 31 December 2022:	**Other loans and advances to banks £'000**	**Other loans and advances to non-banks £'000**
Year ended 31 December 2022 (as previously reported)	93,164	4,748
Prior period adjustment	(7,699)	7,699
Year ended 31 December 2022 (as restated)	**85,465**	**12,447**

The Other loans and advances to banks and Other loans and advances to non-banks balances on Note 34, Note 37, Note 38, Note 40 and Note 42 have been impacted by the same prior period adjustment amount and have been restated accordingly.

The Company's loans and advances with subsidiary undertaking is receivable from CAB and amounts to £658k (2022: nil).

14. Derivative Financial Instruments

At 31 December, the derivative assets and liabilities are set out below, these are held to manage foreign currency exposure and are not designated in hedge accounting relationships for risk management purposes:

Consolidated Foreign Exchange Forwards:	Notional Principal £'000	Assets £'000	Liabilities £'000
2023	711,098	3,829	9,679
2022	714,810	6,567	4,543

The forward foreign exchange contracts have been transacted to economically hedge assets and liabilities in foreign currencies. The net unrealised (loss)/ gain at the statement of financial position date is (£5,850k) (2022: unrealised gain £2,024k). These derivative financial instruments and the underlying transactions they hedge will mature during 2024 split as follows (2022: mature during 2023).

The Group has entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract. There were no such instances during the year.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but were not offset in the statement of financial position, as at 2023 and 2022. The column 'net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised.

Consolidated 2023 £'000	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subjected on master netting arrangements[1]	Net amount
Financial assets					
Derivative assets	3,829	–	3,829	736	3,093
Financial liabilities					
Derivative liabilities	9,679	–	9,679	8,387	1,292

Consolidated 2022 £'000	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subjected on master netting arrangements[1]	Net amount
Financial assets					
Derivative assets	6,567	–	6,567	3,523	3,044
Financial liabilities					
Derivative liabilities	4,543	–	4,543	4,219	324

1 Agreements with derivative counterparties are based on an ISDA Master Agreement and other similar master netting arrangement with other counterparties. Under the terms of these arrangements, only where certain credit events occur (such as termination of the contract or default of the other party), will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

The fair value of a derivative contract represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The Company had no derivative financial instruments throughout 2023 (2022: nil).

15. Investment in Debt Securities

The Group's investment in debt securities consist of fixed rate bonds issued (or guaranteed) by central and private banks. These are measured at amortised cost as they meet the SPPI criterion and are held to collect the contractual cashflows.

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Investment in debt securities at amortised costs		
Balance at the beginning of the period	414,061	73,248
Purchases	484,208	518,079
Redemptions	(521,161)	(188,662)
Exchange gains/losses	(19,776)	13,498
Movement in discount/premium and accrued Interest receivable	(4,290)	(2,089)
	353,042	**414,074**
Less: Impairment loss allowance	(14)	(13)
Balance at the end of the period	**353,028**	**414,061**

The Company had no investment in debt securities in 2023 (2022: nil).

Refer to Note 37 on Credit risk for further details on impairment loss allowance.

16. Investment in Equity Securities

Investment securities designated at FVTOCI are as follows:

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Shares in The Society for Worldwide Interbank Financial Telecommunication ('SWIFT')	495	488
	495	**488**

	Consolidated	
	2023 **£'000**	**2022** **£'000**
At 1 January	**488**	**382**
Exchange (loss)/gain	(20)	18
Fair value gain	27	88
At 31 December	**495**	**488**

With the exception of the above the Group's policy is not to invest in equities. However, in order to undertake its business, the Group utilises the SWIFT payment system, the conditions of which oblige participants to invest in the shares of SWIFT, in proportion to participants' financial contributions to SWIFT. Due to the nature of the investment, this equity security has been designated at FVTOCI.

No dividend income was recognised from these shares (2022: nil). There was no sale of these equity shares (2022: nil).

Apart from investments in subsidiary undertakings (see Note 22) the Company held no other investments throughout the current or prior year.

Refer to Note 43 on fair value measurements for further details.

17. Accrued Income

	Consolidated	
	2023 £'000	**2022 £'000**
Financial assets:		
Accrued income (others)	547	429
Less: Impairment loss allowance	(3)	(5)
	544	**424**
Non-financial assets:		
Research and development tax rebate	671	432
	671	**432**
Total	**1,215**	**856**

Accrued income relates to amounts owed for services which have not yet been invoiced. This balance arises from several components including management fee, pension accruals, and other revenues. The balance is also related to a research and development tax rebate which is a tax claim that the Group is due to receive from HMRC for the qualifying research and development activities undertaken from the Group.

Lifetime ECL has been recognised for accrued income. Further details of expected credit losses on contract asset (accrued income) are disclosed in Note 37.

18. Unsettled Transactions and Other Assets

i. Other assets

	Consolidated	
	2023 £'000	**Restated 2022 £'000**
Financial assets:		
Balances with mobile network operators[1]	3,164	3,635
Staff loans	335	544
Transactions debited by third party Nostro provider[2]	1,996	8,322
Other assets	262	794
Less: impairment loss	(36)	(62)
Total	**5,721**	**13,233**
Non-financial assets:		
VAT refund	1,994	914
Prepayments	3,429	2,262
Deferred tax	56	–
Total	**5,479**	**3,176**
Total other assets	**11,200**	**16,409**

Financial assets are measured at amortised cost as they meet the SPPI criterion and are held to collect the contractual cash flows.

1 Balances with mobile network operators (MNOs) are due to the Group in respect of mobile money transfers. The Group charges fees for services it provides to aid transfer of funds by its clients to beneficiaries via mobile money using MNOs. These balances are funds with the MNO which have yet to be transferred to beneficiaries.

2 These balances represent amounts that are debited in advance by third party Nostro providers at year end. The prior year balance has been restated to financial assets because it was previously incorrectly classified under non-financial assets.

The Company's other assets in 2023 amount to £188k (2022: nil).

ii. Unsettled transactions:

	Consolidated	
	2023 £'000	Restated 2022 £'000
Unsettled transactions[1]	8,417	16,071

1 Unsettled foreign currency transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The arising balances are short-term in nature (typically less than four days) and were settled early the following period.

The Company does not have unsettled transactions at year-end (2022:nil).

Prior period restatement note

A prior period adjustment has been made to record a reclassification of late receipts which was incorrectly recognised in Other Assets instead of Unsettled Transactions. The 31 December 2022 consolidated statement of financial position has been restated as follows:

Consolidated financial statements as at 31 December 2022:	**Other assets £'000**	**Unsettled transactions £'000**
Year ended 31 December 2022 (as previously reported)	19,520	12,960
Prior period adjustment	(3,111)	3,111
Year ended 31 December 2022 (as restated)	**16,049**	**16,071**

The Other Assets and Unsettled Transactions balances in Note 34, Note 37, Note 38, Note 40 and Note 42 have been impacted by the same prior period adjustment amount and have been restated accordingly. There is no impact on the bucketing of the balances in the respective notes.

19. Property, Plant and Equipment

	Consolidated			
2023	**Leasehold Improvements £'000**	**Computer Equipment[1] £'000**	**Fixtures & Fittings[2] £'000**	**Total £'000**
Cost				
At 1 January 2023	**122**	**2,516**	**2,209**	**4,847**
Additions	–	348	74	422
Disposals	–	(75)	(8)	(83)
At 31 December 2023	**122**	**2,789**	**2,275**	**5,186**
Accumulated depreciation and impairment				
At 1 January 2022	**89**	**1,605**	**1,574**	**3,268**
Charge to profit or loss	22	371	405	798
Disposals	–	(69)	(2)	(71)
At 31 December 2023	**111**	**1,907**	**1,977**	**3,995**
Net book value				
As 1 January 2023	**33**	**911**	**635**	**1,579**
At 31 December 2023	**11**	**882**	**298**	**1,191**

1 Includes mobile phones.
2 Includes artwork.

2022	Consolidated Leasehold Improvements £'000	Computer Equipment[1] £'000	Fixtures & Fittings[2] £'000	Total £'000
Cost				
At 1 January 2022	**122**	**2,288**	**2,183**	**4,593**
Exchange differences	–	(2)	–	(2)
Additions	–	325	30	355
Disposals	–	(95)	(4)	(99)
At 31 December 2022	**122**	**2,516**	**2,209**	**4,847**
Accumulated depreciation				
At 1 January 2022	**67**	**1,293**	**1,173**	**2,533**
Exchange differences	–	–	–	–
Charge to profit or loss	22	393	404	819
Disposals	–	(81)	(3)	(84)
At 31 December 2022	**89**	**1,605**	**1,574**	**3,268**
Net book value				
At 1 January 2022	**55**	**995**	**1,010**	**2,060**
At 31 December 2022	**33**	**911**	**635**	**1,579**

1 Includes mobile phones.
2 Includes artwork.

The Directors consider property and plant for indicators of impairment at least annually, or when there is an indicator of impairment. There are no physically visible impairment indicators at year-end. Management have considered decline in market capitalisation as an impairment indicator, therefore performed an impairment assessment of the value of the business which included property plant and equipment ('PPE'). Refer to Note 21 for the comparison between recoverable amount (value in use of CAB) and the carrying amount of the net assets.

No impairment charge was taken in the period (2022:nil).

The Company had no property, plant and equipment (2022:nil).

20. Leases (Group as a Lessee)

The Group has recognised a right of use (ROU) asset and lease liabilities for its property leases which are for an average lease term of five-year and 10-month period. The leases have been accounted for as a portfolio (as they have similar characteristics). The discounts used are the incremental borrowing rates in the range of 2.14% – 8.99% in 2023 and 2022.

The Group makes fixed payments on a quarterly basis, in advance, to the lessors for the use of the properties and there are no variable payments. The property leases have lease incentives, with the lease incentive receivable being deducted from the future lease payments.

The services provided by the Lessors, such as cleaning, security, maintenance, and utilities as part of the contract, are components which are not included in the ROU calculation and have been expensed in 'Other operating expenses' line item in Note 8. These expenses amount to £397k (2022: £259k).

There was no dilapidation cost (restoration cost) added to the ROU.

The Group's leases of low value fixtures and equipment are expensed in 'Other operating expenses' line item in Note 8 on a straight-line basis (see accounting policy in Note 1 for leases). These amounted to £47k (2022: £25k).

There were no short-term leases during the year (2022:nil).

The lease terms covers only the non-cancellable lease term. There are no purchase, extension, or termination options and residual guarantees in the leases.

There are also no restrictions or covenants imposed by the leases.

The lease interest payments charged as an expense for the year totalled £65k (2022: £19k).

The Company had no lease payments under non-cancellable operating leases during 2023 (2022: nil).

There were no leases entered into but which had not commenced as at the year-end in the Group or the Company.

a) Right of use assets

All the Group's right-of-use assets are non-current assets. A reconciliation of the Group's right-of-use assets as at 31 December 2022 and 31 December 2023 are shown below:

	Consolidated
	Leasehold property[2] £'000
Cost	
At 1 January 2023	**1,760**
Additions	–
At 31 December 2023	**1,760**
Accumulated depreciation	
At 1 January 2023	**626**
Charge to profit or loss[1]	445
At 31 December 2023	**1,071**
Net book value	
At 31 December 2023	**689**
Cost	
At 1 January 2022	**1,065**
Additions	695
At 31 December 2022	**1,760**
Accumulated depreciation	
At 1 January 2022	**304**
Charge to profit or loss[1]	322
At 31 December 2022	**626**
Net book value	
At 31 December 2022	**1,134**

1 Charge to P&L includes depreciation on leases attributable to discontinued operations.
2 There is only one class of right of use assets which is the property lease.

b) Lease liabilities

A reconciliation of the Group's remaining operating lease payments as at 31 December 2023 and 31 December 2022 are shown below:

	Consolidated
	Leasehold property £'000
Lease liabilities as at 1 January 2023	**1,281**
Additions during the year	–
Payments during the year	(462)
Add: interest on lease liabilities	65
At 31 December 2023	**884**
Lease liabilities as at 1 January 2022	**819**
Additions during the year	695
Payments during the year	(252)
Add: interest on lease liabilities	19
At 31 December 2022	**1,281**

There were no variable lease payments expenses in the reporting period (2022: nil).

The Group's lease liabilities as at 31 December 2022 and 31 December 2023 is split into current and non-current portions as follows:

	Consolidated	
	2023 £'000	**2022 £'000**
Current	372	611
Non-current	512	670
Lease liabilities	**884**	**1,281**

The maturity analysis of lease liabilities is disclosed in Note 37.

c) Impact on the profit and loss

The following are the amounts recognised in profit or loss:

	Consolidated	
	2023 £'000	**2022 £'000**
Depreciation expense of right-of-use assets (Note 8)	445	322
Interest expense on lease liabilities (Note 4)	65	19
Expense relating to leases of low-value assets (Note 8)	47	25
Total amount recognised in profit or loss	**557**	**366**

The Group had total cash outflows for all leases of £462k (2022: £277k).

21. Intangible Assets

		Consolidated			
	Goodwill £'000	Core Accounting Software £'000	Other Software £'000	Brand/ Name £'000	Total £'000
Cost					
At 1 January 2023	5,919	5,817	24,809	1,427	37,972
Additions	–	82	6,844	56	6,982
Exchange rate loss	–	(27)	–	–	(27)
At 31 December 2023	**5,919**	**5,872**	**31,653**	**1,483**	**44,927**
Accumulated amortisation and impairment					
At 1 January 2023	–	4,146	11,785	122	16,053
Charged for the year	–	309	4,253	45	4,607
Exchange rate loss	–	(27)	–	–	(27)
At 31 December 2023	**–**	**4,428**	**16,038**	**167**	**20,633**
Net book value					
At 1 January 2023	5,919	1,671	13,024	1,305	21,919
At 31 December 2023	**5,919**	**1,444**	**15,615**	**1,316**	**24,294**

In addition to the above the Group incurred a loss of £284k (2022 - £nil) in relation to intangible assets disclosed within the assets held for sale as at 31 December 2022.

	Consolidated				
	Goodwill £'000	Core Accounting Software £'000	Other Software £'000	Brand/Nam e £'000	Total £'000
Cost					
At 1 January 2022	5,919	5,684	20,987	1,536	34,126
Additions	–	133	4,389	16	4,538
Classified as held for sale	–	–	(480)	(125)	(605)
Disposal	–	–	(87)	–	(87)
At 31 December 2022	**5,919**	**5,817**	**24,809**	**1,427**	**37,972**
Accumulated amortisation					
At 1 January 2022	–	3,429	8,200	91	11,720
Charged for the year	–	717	3,794	37	4,548
Classified as held for sale	–	–	(152)	(6)	(158)
Disposals	–	–	(57)	–	(57)
At 31 December 2022	**–**	**4,146**	**11,785**	**122**	**16,053**
Net book value					
At 1 January 2022	5,919	2,255	12,787	1,445	22,406
At 31 December 2022	**5,919**	**1,671**	**13,024**	**1,305**	**21,919**

Software that does not result in an intangible asset (right to receive access to the supplier's application software in the future is a service contract) of the Group are expensed. Software expensed in the period amounts to £2,926k (2022: £1,239k). These costs are expensed to profit and loss over the period of the contract in line with the benefits received. There are no judgements made in this respect.

Internally generated assets include payment-related software that is created and utilised in the Group's operation. All intangible assets (except Goodwill) have finite lives - see Note 1 for accounting policies on the amortisation method and useful lives.

Other software held by the Group includes payments, compliance, and banking software.

The Company had no intangible assets throughout 2023 and 2022.

a) Goodwill

The goodwill relates to the acquisitions:

(i) by the Company, on 31 March 2016, of the entire share capital of both Crown Agents Bank Limited ('CAB'), a regulated wholesale bank, and

(ii) by the Group, on 1 July 2019, of the entire share capital of Segovia Technology Company ('Segovia'), a US based fintech Company.

Cash Generating Units ('CGU'): goodwill relating to the acquisitions of both CAB and Segovia is allocated to CAB. This is because CAB is the cash generating unit benefitting from the Segovia's business platforms which have the underlying value of goodwill. The CGUs are determined at company level because there are no individual assets that can be attributed to revenue generation.

The goodwill is tested for impairment at the CGU level. Impairment reviews were performed on the carrying values of all goodwill and intangible assets as follows:

(i) Goodwill: reviewed against a value in use calculation of CAB, the cash generating unit.

(ii) Other Intangible Assets: reviewed against valuations of the Group companies concerned. For CAB comparisons were made against value in use calculations.

The carrying amount of goodwill has been allocated to the operating segment for all periods. The Group tests goodwill and intangible assets annually for impairment, or more frequently if there are indications that goodwill and intangible assets might be impaired. This impairment assessment also applies to PPE (Note 19) and investments in subsidiary undertakings (Note 22).

Crown Agents Bank Limited value in use

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a three-year period ended 31 December 2026, with the terminal growth rate applied from the start of 2027. The key assumptions used by the Group in setting the financial forecasts for the initial three-year period were as follows:

	2023	2022
Discount rate	20.3%	17%
Terminal value growth rate	2%	0%

i. Discount rate

The Group uses a pre-tax discount rate based on a weighted average cost of capital.

ii. Terminal growth rate

Terminal growth rate has increased from 0% to 2% being an industry realistic benchmark based on the UK long term inflation rate.

iii. Sensitivity analysis of key assumptions in calculating value in use

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill and intangible assets are allocated. The Group believes that any reasonably possible change in the key assumptions on which the recoverable amount of CAB is based would not cause the aggregate carrying amount of goodwill and intangible assets to exceed the aggregate recoverable amount of the related CGUs.

iv. Other impairment indicators

The reduction in market capitalisation due to announcement of inability to meet targeted profits by end of 2023 was assessed as a potential impairment indicator. However, the market capitalisation of the group at year-end is above the carrying amount of the CGUs and the net assets of the Group, therefore no impairment is required (2022:nil).

22. Investments in Subsidiary Undertakings

Investments in subsidiary undertakings were as follows:

Reconciliation	Company 2023 £'000	Company 2022 £'000
At 1 January	**63,384**	**66,830**
Additions[1]	100,996	–
Impairments	–	(1,265)
Classified as held for sale[2]	–	(2,181)
At 31 December	**164,380**	**63,384**

	Company 2023 £'000	Company 2022 £'000
Analysed as:		
CAB Tech Holdco Limited ('CTH')	164,380	63,384
Crown Agents Investment Management Limited ('CAIM')[1]	–	–
	164,380	**63,384**

1 The Company acquired an additional interest in CTH on 10 July 2023 amounting to £100,996k (2022:nil).
2. The investment in CAIM was classified as held for sale in the prior year and it was sold during the year. Refer to Note 10 for details on disposal of CAIM.

Impairment reviews were performed on the carrying values of the investment in CTH for 2022 and 2023 as follows:

The key asset in CTH is its investment in CAB. The value in use of CAB calculation and assessment of key assumptions and related sensitivity analysis in Note 21 is applicable for assessment for impairment of investment in subsidiary undertakings. The value in use exceeds the carrying amount of the investment in subsidiary undertakings, therefore no impairment is recognised (2022:nil).

For further details on subsidiaries refer to Note 33.

Refer to Note 28 for information on dividend payments.

23. Deferred Tax

a) Deferred tax liability

The deferred tax liability recognised in the consolidated financial statements is as follows:

	Consolidated				
	Property, plant and equipment	Investment in equity	Intangible assets[1]	ECL Provision	Total
Deferred tax liability (2023)					
At 1 January 2023	**3**	**24**	**263**	**44**	**334**
Charge/(Credit) to profit and loss 2023	112	–	281	(44)	349
Charge to other comprehensive income 2023	–	12	–	–	12
At 31 December 2023	**115**	**36**	**544**	**–**	**695**
Analysed as follows:					
Continued operations	115	36	544	–	695
Discontinued operations	–	–	–	–	–
	115	**36**	**544**	–	**695**
Deferred tax liability (2022)					
At 1 January 2022	**233**	**7**	**180**	**–**	**420**
Charge/(Credit) to profit and loss 2022	(230)	–	83	44	(103)
Charge to other comprehensive income 2022	–	17	–	–	17
At 31 December 2022	**3**	**24**	**263**	**44**	**334**
Analysed as follows:					
Continued operations	3	24	245	44	316
Discontinued operations	–	–	18	–	18
	3	**24**	**263**	**44**	**334**

The deferred tax liability can be further analysed as follows:

	Consolidated	
	2023 £'000	**2022 £'000**
Liability reversing at 23.5%	-	19
Liability reversing at 25%	695	5
Liability reversing at 25.5%	–	(9)
Liability reversing at 27.25%	–	123
Liability reversing at 28%	–	196
At 31 December 2023 at 25% (2022: 23.5%/25%/25.5%/27.25%/28%)	**695**	**334**

b) Deferred tax recognised in the year

	Consolidated	
	2023 £'000	2022 £'000
Accelerated tax depreciation on property, plant and equipment	112	(230)
Intangible assets	300	83
Expected credit loss provision	(80)	44
Total tax expense/(credit) to profit or loss[1]	**332**	**(103)**
Charged to other comprehensive income:		
Deferred tax expense on investment on equity securities	12	17
Total deferred tax expense in other comprehensive income	**12**	**17**
Total deferred tax charge/(credit) for the year	**344**	**(86)**

1 Includes a deferred tax asset credit of £18k (2022 - £nil).

c) Unrecognised deferred tax assets and deferred tax liability

At the reporting date, the Group had £nil (2022: £nil) unused tax losses available for offset against future profits.

Company

The Company had not recognised deferred tax assets or liabilities at 31 December 2022 and 31 December 2023.

24. Client Accounts

	Consolidated	
	2023 £'000	2022 £'000
Repayable on demand	785,316	656,419
Other clients' accounts with agreed maturity dates or periods of notice by residual maturity repayable:		
3 months or less	670,901	479,641
1 year or less but over 3 months	81,020	169,491
2 years or less but over 1 year	5,652	–
	1,542,889	**1,305,551**

The Company had no client accounts throughout 2023 (2022: nil).

Client accounts are accounts that clients hold with the Group. The Group is transaction led and does not borrow to finance lending. A substantial proportion of client accounts are current accounts that, although repayable on demand, have historically formed a stable deposit base.

25. Unsettled Transactions, Accruals and Other Liabilities

A. Other liabilities

	Consolidated	
	2023 £'000	**2022 £'000**
Financial liabilities		
Trade creditors	2,041	554
Funds received in advance	3,327	4,988
Transactions credited by third party Nostro providers[1]	159	3500
Other creditors	696	9
	6,223	**9,051**
Non-financial liabilities		
HM Revenue & Customs	1,816	2,413
Deferred income[2]	82	53
	1,898	2,466
Total other liabilities	**8,121**	**11,517**

1 These balances represent amounts that are credited incorrectly by third party Nostro providers at year-end. The prior year balance has been restated to financial liabilities because it was previously incorrectly classified under non-financial liabilities.

2 Deferred income relates to payments that are received from clients before the services are provided to clients

B. Unsettled transactions

	Consolidated	
	2023 £'000	**2022 £'000**
Unsettled transactions[3]	20,081	25,782

3 Unsettled transactions result from foreign exchange transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The arising balances are short-term in nature (typically less than four days) and were settled shortly after the balance sheet date.

C. Accruals

	Consolidated	
	2023 £'000	**2022 £'000**
Accruals[4]	18,367	19,364

The Company's accruals and other liabilities are as follows:

	Company	
	2023 £'000	**2022 £'000**
Accruals[4]	1,022	321
Other liabilities	422	–
	1,444	**321**

4 Accruals comprise various balances which have not yet been invoiced for goods received or services provided e.g audit fees, bank charges, professional fees and payroll accruals.

The Company does not have unsettled transactions (2022: nil).

26. Provisions

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Expected credit loss:		
Financial guarantee liability	2	1
Liability for letter of credit confirmations / bill acceptances	6	6
Liquidity as a Service – undrawn commitments	228	72
ECL for off balance sheet balances (Note 37)	**236**	**79**

i. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group provides financial guarantees to multiple counterparties. Please refer to Note 37 for the maximum exposure of financial guarantee contracts. The Group received premiums of £73k (2022: £85k).

ii. Letter of credit confirmations/bill acceptances

Letter of credit confirmation / acceptance is a letter from an issuing bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. The Group confirmed the letters of credit issued by an issuing bank and charged fixed fees which are received either in advance or at a later date. The Group provides these acceptances to multiple counterparties. Please refer to Note 31 for the maximum exposure of letter of credit confirmations / bill acceptances. The Group received premiums of £754k (2022: £572k).

The uncertainties relating to the amount or timing of any outflow are those inherent within the products concerned, notably that the relevant counterparty will not carry out its obligations. Cash collateral of £44,588k (2022: £40,283k) was held by the Group in respect of the assets underlying financial guarantees and letter of credits noted above. These are not restricted cash and are available for use by the Group.

iii. Liquidity as a Service ('LaaS') – undrawn commitments

LaaS is a credit facility offered by the Group to its clients which allows clients to draw down on the facility on satisfaction of the terms of this facility. The Group charges facility fees for consideration of providing this facility. The Group provides this facility to multiple counterparties. Please refer to Note 37 for the maximum exposure of LaaS. The Group received facility fees of £47k (2022: £ 52k).

27. Called up Share Capital

Number of ordinary shares	2023 '000	2022 '000
Authorised, allotted, issued, and fully paid (ordinary shares – Class A)		
As at beginning of year	**68,000**	**68,000**
Redesignation of class A Shares to new ordinary shares (Note 27c)	(68,000)	–
As at period end (ordinary shares – Class A)	**–**	**68,000**
Authorised, allotted, issued, and fully paid (ordinary shares – Class B)		
As at beginning of the year	**10**	**10**
Share split of Class B shares resulting in reduction of nominal value per share from £0.5913044 to £0.001 (Note 27b)	5,913	–
Redesignation of class B shares to new ordinary shares (Note 27c)	(5,913)	–
As of end of the year (ordinary shares- Class B)	–	10
Authorised, allotted, issued, and fully paid (number of ordinary shares)		
Redesignation of Class A and Class B shares to new ordinary shares (Note 27c)	73,913	–
Share split (Note 27d)	147,826	–
Issuance of ordinary shares to former external shareholders of CTH (Note 27e)	32,404	–
As of end of the year (£0.000333 nominal value per ordinary shares)	**254,143**	**68,010**
Ordinary share balance	**2023 '000**	**2022 '000**
As at beginning of year	**68,010**	**68,010**
Share capital reduction of Class A shares and Class B shares before redesignation (Note 27a)	(67,936)	–
Issuance of ordinary shares to former external shareholders of CTH (32,404 at £0.000333 per share) (Note 27e)	11	–
Total share capital – at year-end	**85**	**68,010**

A. Group reorganisation and listing

The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange on 11 July 2023 ("Admission"). Immediately prior to Admission, the Group undertook certain steps as part of a reorganisation of its corporate structure, which resulted in all shareholders of CTH (other than the Company) exchanging shares in CTH for Ordinary Shares in the Company (the "Reorganisation").

On 4 July 2023, the Company was re-registered as a public company limited by shares.

In relation to the existing share plans within the Group structure prior to the share capital reorganisation and the Share Exchange described below, and prior to Admission, any unvested conditional awards and options vested in full. Participants who held conditional awards received the CTH shares subject to their awards and participants who held options were given the opportunity to exercise their options and acquire CTH shares in order to participate in the Share Exchange.

The following steps relating to the Reorganisation took place during the year 2023 (2022: none):

27a) On 19 June 2023, in connection with the Pre-Admission Reorganisation, the Company reduced the nominal value of the A shares in the Company from £1 to £0.001 and the B shares in the Company from £1 to £0.5913044. The effect of the share capital reduction has been to reduce the share capital of the Company from £68,010k to £74k and to increase retained earnings accordingly by £67,936k.

27b) The Company split the B ordinary shares into 5,913,044 ordinary shares with a nominal value of £0.001 each.

27c) The Company re-designated its existing A ordinary shares and B ordinary shares into a single class of ordinary shares with a nominal value of £0.001 each.

27d) The Company subdivided each ordinary share with a nominal value of £0.001 each into three ordinary shares with a nominal value of 0.0333 pence each.

Following steps (27a) to (27d) the Company's share capital comprised 221,739,135 ordinary shares.

27e) In accordance with the terms of the Implementation Agreement, the Company acquired the shares held by the other shareholders in CTH from each of CAB Tech Holdco Limited's other shareholders in exchange for 32,404,083 newly issued Ordinary Shares (the "Share Exchange").

Accordingly, 254,143,218 Ordinary Shares are in issue at year-end (2022: 68,010,000).

There are no restrictions on the distribution of dividends and the repayment of capital.

B. Merger relief reserve

The Company recognised a merger relief reserve of £100,442k (2022:nil) relating to the transaction described in Note 27e. On consolidation the merger relief reserve was eliminated by the difference between the adjustment to the non-controlling interest and the fair value of the shares issued.

28. Retained Earnings

	Consolidated	
	2023 £'000	**2022 £'000**
Balance at beginning of year	**40,179**	**8,442**
Profit for the year	22,713	31,001
Share capital reduction (Note 27a)	67,936	–
Dividends declared[1]	(11,300)	–
Share-based payment expense (Note 32)	1,313	388
Acquisition of NCI (Note 31)	7,530	348
Capital injection[2]	3,661	–
Issuance of new shares	(11)	–
Change in ownership interest in subsidiary (Note 27e)	(543)	–
Balance at end of year	**131,478**	**40,179**

The Company's retained earnings are as follows:

	Company	
	2023 £'000	**2022 £'000**
Balance at beginning of year	**(3,964)**	**(2,073)**
Loss for the year	(4,584)	(1,891)
Share capital reduction (Note 27a)	67,936	–
Dividends declared[1]	(11,300)	–
Balance at end of year	**48,088**	**(3,964)**

[1] During the year, Company declared dividends to its shareholders amounting to £11,300k in total, being £5,587k on 26 April 2023 and £5,713k on 1 June 2023 (year ended 31 December 2022: nil). The dividend per share was £0.08 in each case. CTH, a subsidiary of the Company, declared a dividend of £17,100k on 19 April 2023 (year ended 31 December 2022: nil) of which £1,540k was payable externally to CTH's minority shareholders.

[2] The capital injection in subsidiary relates to new shares issued by CTH as follows:

- The Group received cash from the issuance of A2 ordinary shares which increased equity attributable to the owners of the Group by £331k (2022:nil).
- The Group received cash from the issuance of C and D shares on 30 May 2023, which increased the equity attributable to the owners of the Group (£3,330k) and the non-controlling interest (£296k). Of the new shares issued only £973k (2022 - £nil) was received in cash.

Equity classification of C and D shares held by Non-Controlling Interest ('NCI') during the year

A judgement has been made, based on the Articles of Association of CTH, adopted on 2 May 2023, that C and D shares issued on 30 May 2023 by CTH qualify as equity instruments in the consolidated financial statements. Contingent events that could give rise to a put or a call over the shares issued by CTH are within our control and we therefore have an unconditional right to avoid delivery of shares in the CAB Payments or cash to CTH shareholders.

29. Investment Revaluation Reserve

	Consolidated £'000
Balance at 1 January 2023	**96**
Fair value gain on investments in equity instruments designated as at FVTOCI	27
Income tax relating to above	(12)
Balance at 31 December 2023	**111**
Balance at 1 January 2022	**30**
Fair value gain on investments in equity instruments designated as at FVTOCI	82
Income tax relating to above	(16)
Balance at 31 December 2022	**96**

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain / loss transferred to retained earnings upon disposal.

30. Foreign Currency Translation Reserve

	Consolidated £'000
Balance at 1 January 2023	**(31)**
Exchange losses arising on translating the foreign operations	(121)
Attributable to owners	(111)
Acquisition of NCI (Note 31)	(10)
FX translation adjustment	8
Balance at 31 December 2023	**(144)**
Balance at 1 January 2022	**(141)**
Exchange losses arising on translating the foreign operations	110
Balance at 31 December 2022	**(31)**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operation from its functional currencies to the Group's presentational currency (i.e. £) are recognised directly in OCI and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

31. Non-controlling Interest (NCI)

Summarised financial information in respect of the Group's subsidiary (CTH, which owns the entire share capital of CAB and CAB Tech Holdco USA LLC, a US based holding Company, which itself owns Segovia) that had material non-controlling interests up to 11 July 2023 is set out below.

	Consolidated	
	2023 £'000	**2022 £'000**
Profit attributable to owners of the Company	22,713	31,001
Profit attributable to the non-controlling interests	1,024	2,367
Profit for the year	**23,737**	**33,368**
Other comprehensive income/(loss) attributable to owners of the Company	(96)	177
Other comprehensive income attributable to the non-controlling interests	(10)	13
Other comprehensive income /(loss) for the year	**(106)**	**190**
Total comprehensive income attributable to owners of the Company	22,617	31,177
Total comprehensive income attributable to the non-controlling interests	1,014	2,381
Total comprehensive income for the year	**23,631**	**33,558**
Dividends paid to non-controlling interests	1,540	–
Net cash outflow from operating activities	(4,460)	(18,223)
Net cash outflow from investing activities	(24)	(395)
Net cash outflow from financing activities	(666)	(28)

The external shareholders of CTH exchanged their shareholding in CTH for shares in CPH on 11 July 2023. The NCI % used in these financial statements was 7.13% up to 11 July 2023 and was nil as at 31 December 2023 (2022: 6.99%) following the capital restructuring of the Group detailed in Note 27. The balances attributable to the NCI in the table above are for the period up to 11 July 2023.

The total equity attributable to NCI upon group capital restructuring amounting to £7,520k (2022: £7,704k) was transferred to retained earnings and there was no NCI at year-end. Refer to the consolidated statement of changes in equity for the NCI reconciliation.

32. Share Based Payments

The Group operates a number of employee equity-settled schemes as part of its strategy. The fair value of the employee services received in exchange for the grant of the awards is recognised in employee benefit expenses together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and the performance conditions are fulfilled (the vesting period). Movements in the consolidated statement of profit or loss and other comprehensive income during the year for all three schemes were as follows:

	Consolidated	
	2023 £'000	**2022 £'000**
Share based payments expenses recognised in statement of profit or loss and other comprehensive income		
Share based scheme 1	665	449
Share based scheme 2	387	388
Share based scheme 3	307	–
Expense arising from equity settled share based payment transactions	**1,359**	**837**

a) Share Based Scheme 1 – Group

Description and vesting

In 2017 an equity settled share based payment scheme was put in place to incentivise senior management. Legal ownership of the shares lies with the Employee Benefit Trust (EBT). Employees receive the equitable interest in the shares for which they pay nominal value.

In July 2023, the Admission triggered an "exit" event. As a result, all vesting conditions were accelerated as follows:

	Consolidated
Share based payments scheme 1	**Number of awards**
Outstanding at 1 January 2022	10,000
Granted during the year	–
Released during the year	–
Cancelled during the year	–
Forfeited during the year	–
Outstanding at 31 December 2022	**10,000**
Vested and exercisable at 31 December 2022	**8,590**
Outstanding at 1 January 2023	10,000
Granted during the year	–
Released during the year	(10,000)
Cancelled during the year	–
Forfeited during the year	–
Outstanding at 31 December 2023	**–**
Vested and exercisable at 31 December 2023	**–**

The scheme is now closed. Given the accelerated vesting and release of the awards in the current year, the provision of vesting details provided in previous years is now irrelevant and not disclosed.

Valuation and inputs to the model

The fair value at grant date is independently determined using the Monte Carlo method which considers, the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies. The expected price volatility is based on the historic volatility (based on the remaining life of the awards), adjusted for any expected changes to future volatility due to publicly available information. The valuation is a Level 2 valuation.

In 2021, new allocations were made to further senior managers. The estimated fair value of the awards granted was £605 per share on grant date. There were no allocations in 2022 or 2023 for this scheme and therefore no valuations were required.

The following table lists the inputs to the models used to determine the fair value at grant date for the share awards granted in this scheme:

Share based payments scheme 1	Key inputs
Dividend yield (%)	n/a
Expected volatility (%)	30–40
Risk-free interest rate (%)	1.2
Expected life of share awards (%)	2.7
Share price at grant date (£)	142
Model used	Monte Carlo

b) Share based scheme 2 – Group

Description and vesting requirements

Following the purchase of Segovia in 2019, incentives in the shares of CTH were allocated to key individuals employed within Segovia. The incentives were provided as Restricted Share Awards or Restricted Share Unit Awards (both in relation to the Class B £1 ordinary shares) at the individual's discretion. Subsequently, additional Restricted Share Units were awarded to key individuals of Segovia Technology Company. This scheme is an equity settled share-based payment scheme. When issued, the fair value of the Restricted Shares and Restricted Share Units was £1.19. The fair value at grant date was based on a market valuation of CTH following a report provided by external consultants. The fair value included a discount of 20% on the valuation of CTH due to a lack of marketability.

In July 2023, the Admission, as detailed in Note 1 (a), triggered an "exit" event. As a result, all vesting conditions were accelerated, and employees exercised their right to receive ordinary shares in CTH, as follows:

	Consolidated number of awards	
Share based payments scheme 2	**RS-Number**	**RSU-Number**
Outstanding at 1 January 2022	858,560	1,384,442
Granted during the year	–	–
Released during the year	–	–
Cancelled during the year	–	–
Forfeited during the year	–	–
Outstanding at 31 December 2022	**858,560**	**1,384,442**
Vested and exercisable at 31 December 2022	**826,999**	**–**
Outstanding at 1 January 2023	858,560	1,384,442
Granted during the year	–	–
Released during the year	(858,560)	(1,384,442)
Cancelled during the year	–	–
Forfeited during the year	–	–
Outstanding at 31 December 2023	–	–
Vested and exercisable at 31 December 2023	–	–

The Group's tax liability was £404k (2022: £490k) for corporate taxes payable on employee share based payment obligations; the personal tax obligation was borne by the employees. By the year end the liability had been settled.

The scheme is now closed. Given the accelerated vesting and release of the awards in the current year, the provision of vesting details provided in previous years is now irrelevant and not disclosed.

Valuation and inputs to the models

There were no allocations in 2022 or 2023 for this scheme and therefore no valuations were required.

c) Share based scheme 3 – Group

Description and vesting requirements

Long Term Incentive Plan ('LTIP') awards were granted to incentivise senior management on 11 July 2023. The vesting conditions are subject to performance measures relating to relative total shareholder return and earnings per share. Each measure is assessed independently over the vesting period. LTIP awards have an individual conduct gateway requirement that results in the award lapsing if not met. The scheme includes a clawback condition for a minimum period of three years.

The LTIP award movements for the year to 31 December 2023 is as follows:

	Two-year number of awards		Three-year number of awards	
Number of awards	**Holding period**	**Non-holding period**	**Holding period**	**Non-holding period**
Outstanding at 1 January 2023	–	–	–	–
Granted during the year	629,851	792,492	1,106,713	792,480
Released during the year	–	–	–	–
Cancelled during the year	–	(34,029)	–	(34,029)
Forfeited during the year	–	–	–	–
Outstanding at 31 December 2023	**629,851**	**758,463**	**1,106,713**	**758,451**
Vested and exercisable at 31 December 2023	**–**	**–**	**–**	**–**

Inputs to the models

The calculation of the LTIP expense takes into account the following key inputs:

	Key inputs	
	Two year awards	**Three year awards**
Grant date	11 July 2023	11 July 2023
Share price at grant date	£3.10	£3.10
Actual leavers	34,029	34,029
Vesting period	Until 11 July 2025	Until 11 July 2026
Earnings per share range	Less than 25p	Less than 33.4p
Total shareholder return discount	45%	39%
Holding period discount	8%	9%
Leavers lapse provision (holding/non-holding period)	0%/22%	0%/31%
Clawback condition – effect on valuation	0%	0%
Model used	Monte Carlo	Monte Carlo

The resulting value is expensed to the consolidated statement of profit and loss and other comprehensive income over the vesting period in line with the vesting of the interests concerned.

33. Related Undertakings

i. Principal subsidiaries

The Company's principal direct and indirect subsidiaries as at 31 December 2023 are set out below. The Company is the majority shareholder of CTH. Shares in other subsidiaries are held as indicated. Unless otherwise stated, the share capital consists solely of ordinary shares and the proportion of ownership held equals the voting rights held by the parent. For all subsidiaries, the country of incorporation or registration is also the principal place of business.

Direct / Indirect Subsidiaries	Principal activity / Business	Country of Incorporation and Principal Place of Business
CAB Tech HoldCo Limited	Holding Company	UK
Crown Agents Bank Limited (''CAB'')	Bank	UK
CAB Europe BV	Payments	Netherlands
Stichting CAB Payments Europe	Trust company	Netherlands
CAB Tech HoldCo USA LLC	Holding Company	US
Segovia Technology Company	Fintech	US
Segovia International Holdings LLC	Holding Company	US
Segovia Technology Pakistan (PVT) Limited	Dormant	Pakistan
Segovia Technology International Ltd	Holding Company	Cayman Islands
Segovia Technology Congo SARL	Fintech	The Republic of Congo
Segovia Technology Cote d'Ivoire SARL	Fintech	Ivory Coast
Segovia Technology Kenya Limited	Fintech	Kenya
Segovia Technology Liberia Corporation	Fintech	Liberia
Segovia Technology 454 Limited	Dormant	Malawi
Segovia Technology Nigeria Limited	Fintech	Nigeria
Segovia Technology Rwanda Corporation Limited	Fintech	Rwanda
Segovia Technology Tanzania Company Limited	Fintech	Tanzania
Segovia Technology Company Uganda Limited	Fintech	Uganda
Segovia Technology Bangladesh Ltd (dissolved January 2022)	Dissolved	Bangladesh
Segovia Technology Cameroon Co Ltd (dissolved March 2022)	Dissolved	Cameroon
Segovia Niger SARL (dissolved March 2022)	Dissolved	Niger
Segovia Technology Senegal Corp SUARL (dissolved January 2023)	Dissolved	Senegal

All Segovia entities are held indirectly through CTH in 2023 and 2022, which owns the entire share capital of CAB Tech Holdco USA LLC, a US based holding Company which owns Segovia. CTH also owns 100% shareholding in CAB in 2022 and 2023. All UK subsidiaries are incorporated in the UK with registered offices at Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS. Refer to Note 9 for assets classified as held for sale relating to CAIM and JCF.

All subsidiaries are 100% group owned except for Segovia Technology Pakistan (PVT) Ltd which is 66% (2022 – 66%) owned by senior management.

34. Notes to the Statement of Cash Flows

i. Reconciliation of profit before taxation to net cash outflow from operating activities

	Consolidated		Company	
	2023 £'000	Restated 2022 £'000	2023 £'000	2022 £'000
Profit /(loss) before taxation				
Continuing operations	37,617	43,891	(4,964)	(1,913)
Discontinued operations	(220)	(75)	–	–
Adjusted for non-cash items:				
Effect of currency exchange rate change[1]	(14,988)	53,317	–	–
Effect of other mark to market revaluations	(83)	(15)	–	–
Amortisation	4,607	4,600	–	–
Depreciation				
– Right of use of assets	445	322	–	–
– Property, plant and equipment	798	819	–	–
Share based payment charge	1,359	837	–	–
Loss on write-off of:				
– Property, plant and equipment	12	35	–	–
– Intangible assets	284	–	–	–
Profit on disposal of discontinued operations	(67)	–	–	–
Other non-cash expenses	1,045	1,606		
Dividend received from subsidiary	–	–	(15,560)	–
Interest accrued on lease liabilities	65	19	–	–
Impairment provision on investment in subsidiary undertakings	–	–	–	1,265
	30,874	**105,356**	**(20,524)**	**(648)**
Changes in working capital:				
Net decrease in collections/transmissions	–	–	–	–
Net (increase)/decrease in loans and advances to banks other than on demand[1]	(54,376)	4,927	–	–
Net increase/(decrease) in client accounts[1]	294,336	(14,044)	–	–
Net decrease/(increase) in investment in debt securities[1]	41,410	(324,285)	–	–
Net decrease/(increase) in other loans and advances to non-banks[1]	4,226	(12,431)	–	–
Net decrease/ (increase) in unsettled transactions[1]	1,952	(5,620)	–	–
Net decrease/(increase) in other assets[1]	4,756	(7,768)	(11,181)	–
Net (decrease)/increase in other liabilities	(237)	9,264	19,009	468
Net decrease in accrued income	470	325	–	–
Net (decrease)/increase in accruals, provisions, and deferred income	(1,935)	10,863	702	180
Net cash generated/(outflow) from operating activities[1,2]	**321,476**	**(233,413)**	**10,368**	**–**

[1] See restatements in note iv below.
[2] Cash flows from operating activities include interest received of £53,606k (2022 – £21,718k) and interest paid of £21,869k (2022 - £5,472k).

ii. Non-cash transactions – Consolidated

Non-cash transactions from investing activities for the Group during the year include acquisition of right of use assets amounting to £nil (2022: £695k).

Non-cash transactions from investing activities for the Company during the year include the acquisition of CTH shares held by external shareholders as at 5 July 2023. (2022: nil).

iii. Changes in liabilities arising from financing activities

The Group's changes in lease liabilities are in Note 20. There are no other changes in liabilities from financing activities.

There are no changes in liabilities arising from financing activities for the Company.

iv. Restatement of prior year balances

Certain 2022 cash flow balances have been restated as follows:

		Consolidated - 2022				
Notes to the statement of cash flows	**Previously reported £'000**	**Prior Year Adjustments £'000**				**Restated £'000**
		Adjustment 1	**Adjustment 2**	**Adjustment 3**	**Adjustment 4**	
Non-cash items						
Effect of currency exchange rate changes	50,437	–	–	2,880	–	53,317
Other non-cash expenses	–	–	–	–	1,606	1,606
Changes in working capital						
Net (increase)/decrease in loans and advances to banks other than on demand	(10,426)	7,699	–	7,474	–	4,927
Net decrease in client accounts	(11,340)	–	–	(2,704)	–	(14,044)
Net (increase) in investment in debt securities	(332,055)	–	–	7,770	–	(324,285)
Net (increase) in other loans and advances to non-banks	(4,748)	(7,699)	–	16	–	(12,431)
Net (increase) in unsettled transactions	(2,509)	–	(3,111)	–	–	(5,620)
Net (increase) / decrease in other assets	(10,879)	–	3,111	–	–	(7,768)
Net (decrease) / increase in other liabilities	10,870	–	–	–	1,606	9,264
Net cash outflow from operating activities	(248,849)	–	–	15,436	–	(233,413)
Consolidated statement of cash flows for the year ended 31 December 2022						
Net cash outflow from operating activities	(248,849)	–	–	15,436	–	(233,413)
Net cash used in operating activities	(248,849)	–	–	15,436	–	(233,413)
Net decrease in cash and cash equivalents	(263,587)	–	–	15,436	–	(248,151)
Effect of exchange rate changes on cash and cash equivalents	50,531	–	–	(15,436)	–	35,095

Adjustment 1: see Note 13.

Adjustment 2: see Note 18.

Adjustment 3: The Group has implemented an improved approach to capturing unrealised FX gains and losses which under IAS 7 are not deemed to be cash flows. As a result, the prior year balances relating to the consolidated statement of cash flows for the year ended 31 December 2022 and related notes have been restated accordingly.

Adjustment 4: relates to the net receipt of bonuses which were transferred internally. As a result there was no cash movement.

35. Related Party Transactions

The immediate parent undertaking of the company which had control in 2022 and up to 6 July 2023 was Merlin Midco Limited. As at the year- end Merlin Midco Limited's ownership was 45.1% (2022: 98.8%), which is held by a nominee company Diagonal Nominees Limited. No company is required to consolidate these financial statements this year (2022: no company consolidated the entity).

The related party transactions (which were all at arm's length and were transacted at market prices) are as follows:

a) As at 31 December 2023 the Group had related party balances with companies outside the Group (2022: two) as follows:

(i) £129k (2022: £64k), payable to Helios Investors Genpar III LP. The amount relates to the outstanding balance of a director's fees payable by CAB. No interest accrues on the outstanding amount. Helios Investors Genpar III LP continues to have indirect significant influence over the Company as at 31 December 2023 following changes to the capital structure on 6 July 2023

(ii) Other loans and advances to non-banks include (2023: nil; 2022: £2,251k) receivable from Merlin Topco Limited. The balance related to a contractual loan on which interest accrues at a commercial rate. The balance was settled during the year. Merlin Topco Limited is the parent company of Merlin Midco Limited which has direct significant influence over CAB Payments as at 31 December 2023 following changes to the capital structure on 06 July 2023.

b) As at the year-end, nil (2022: 771,605 £1 Class A ordinary shares,) ordinary shares of the Company were owned by a Company connected to a director of the Company.

c) The Group provided banking services to connected parties with income earned as follows:

2023	**Net foreign exchange gain £'000**	**Net interest income £'000**	**Total £'000**
Helios Investors Genpar III LP	1	–	1
	1	**–**	**1**
2022			
GiveDirectly Inc[1]	1,315	16	1,331
Helios Investors Genpar III LP	2	–	2
	1,317	**16**	**1,333**

1 An entity of which Michael Faye, a director of CAB, CAB Tech Holdco Limited (both until 11 July 2023) and Segovia Technology Company (until 27 November 2023), was a director. This company is not a related party in 2023 due to Michael Faye no longer being deemed to have a controlling interest.

d) As at 31 December 2023, CAB Payments owns 100% shareholding in CTH following the capital reorganisation as disclosed in Note 27. Directors owned the following shares in CTH as at 31 December 2022:

	CAB Tech HoldCo Limited – Number Of £1 ordinary shares					
2022	**A2 Shares**	**A2 Share Options**	**Restricted Shares (B Shares)**	**Restricted Share Units (B Shares)**	**C Shares**	**D Shares**
Director 1	662,325	–	157,808	–	–	–
Related parties	202,681	–	–	–	–	–
Director 2	43,989	22,929	4,871	544,910	–	–

e) Directors and key management loans

The Group had a number of loans to Directors and key management as summarised as shown below. Across the Group there were loans outstanding at the period-end as follows:

	2023		2022	
	No.	**£'000**	**No.**	**£'000**
Directors				
As at 1 January	**3**	**159**	3	159
As at period end	**1**	**335**	3	159
Key Management				
As at 1 January	**8**	**252**	8	252
As at period end	**–**	**–**	8	252

The loans outstanding as at 31 December 2022 (and repaid in 2023) accrued interest at the HMRC stipulated interest rate but only on balances in excess of £10,000. The Director's loan advanced in 2023 was to Bhairav Trivedi and accrues interest at the HMRC stipulated rate on the entirety of the loan. All loans are repayable on the occurrence of the earliest of a number of events. There was no impairment on loans in respect of the amounts owed by related parties (2022: nil). The ECL for staff loans was assessed as immaterial as at 31 December 2023 (2022: nil).

f) Remuneration of key management personnel (including directors)

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Consolidated	
	2023 £'000	**2022 £'000**
Short-term employee benefits (including bonusses and NICs Ers)	12,427	5,975
Post-employment benefits	241	187
Share-based payments	639	837
Total remuneration	**13,307**	**6,999**

Included in the aggregate emoluments above, the Group has made contributions of £84k (2022: £58k) on behalf of two directors (2022: three) to a defined contribution pension scheme. No retirement benefits accrued for any director (2022: none) under a defined benefit pension scheme.

The aggregate emoluments (including share based payment charge) and accrued pension contributions of the highest paid director in the Group were £3,163k (2022: £2,113k) and £58k (2022: £nil) per annum respectively.

The aggregate emoluments (Including pension contributions and exit compensation) of the Group's key management personnel (excluding directors) were £8,583k (2022: £6,999k). See breakdown in Note 35 on 'Related party transactions policy'.

g) Company related party balances

In addition to the above related party transactions and balances of the Group, the Company had outstanding balances with following intercompany entities within the group as at 31 December 2023:

i. £19,406k (2022: £1,198k), payable to CAB. The amount relates to the payments made by CAB on behalf of the Company.
ii. £4,239k (2022: £nil), receivable from its subsidiary, CTH. The amount relates to a dividend payment and other intragroup receivables.
iii. The Company holds a bank account with CAB and the balance at year-end is £658k (2022:nil).

36. Contingent Liabilities, Commitments and Guarantees

a) Contingent liabilities

The Group and the Company do not have any other contingent liabilities at the balance sheet date other than those disclosed in Note 26.

b) Commitments

i. Capital commitments

The Group and Company do not have any capital commitments at the balance sheet date (2022: nil) nor any which have been approved but not contracted (2022: nil). It should be noted that as disclosed in Note 46, a property lease was signed on 25 January 2024.

ii. Other commitments

a) In 2020, the Group entered into a five-year contract to assist with the ongoing automation of manual processes. The following payments are due under the contract:

Payment Due	2023 £'000	2022 £'000
Not later than one year	2,260	2,210
Later than one year and not later than five years	1,883	4,143
	4,143	**6,353**

The total of the amounts due under the contract are expensed to P&L over the life of the contract in line with the benefits received.

b) The Group has committed to the following lease payments for the use of office space at Quadrant House and Tower 42 lease contracts (Note 20) in existence at year-end:

Payment Due	2023 £'000	2022 £'000
Not later than one year	407	670
Later than one year and not later than five years	477	611
	884	**1,281**

Right of use of asset balance and a lease liability balance have been recognised on the statement of financial position and interest expense and depreciation will be recognised on the statement of profit or loss and other comprehensive income over the life of the lease contract.

Further commitments are discussed in Note 26.

37. Credit Risk

Credit risk is the risk that a client or counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is a principal risk, arising from financial assets which are loans and advances on demand to banks, other loans and advances to banks, other loans and advances to non-banks, investments in debt securities, unsettled transactions, accrued income and other asset exposures. In addition, it considers off-balance sheet exposures from financial guarantees, acceptances, confirmations, and Liquidity as a Service. The Group considers the following elements of credit risk exposure, including counterparty-specific risk, geographical risk, and sector risk for risk management purposes. Information about the credit risk management policy of the Group is contained in the strategic report.

a) Credit risk management

The Group monitors credit risk per class of financial instrument. The Group recognises expected credit losses on financial assets that are measured at amortised cost which includes cash and balances at central banks, loans and advances on demand to banks, other loans and advances to banks, other loans and advances to non-banks, unsettled transactions, accrued income, Investment in debt securities, other assets, as well as off-balance sheet account (undrawn commitments) such as financial guarantees, letter of acceptances, letter of confirmations and Liquidity as a Service.

b) Exposure to credit risk by instrument

The table below outlines the classes identified, as well as the financial statement line item and the note. The related notes contain an analysis of the items included in the financial statement line for each class of financial instrument including how the exposure to credit risk arise. There are no changes to the exposures to risks on these financial instruments and how those exposures to risk arise compared to prior year.

Instrument	Description	Note
Cash and balances at central banks	These are balances with the Bank of England, which has AA-credit rating. Balances are available on demand and are located in the UK.	11
Loans and Advances on Demand to Banks	These are Nostro bank accounts that the Group holds with other commercial banks in support of client payment flows.	13
Other Loans and Advances to banks	Credit Support Annexes (CSA) Loans represent collateral required from clients through a credit support annexe for initial and variation margin as part of derivative transactions. They are under a collateralised mark to market (CTM) regime. A CTM model requires the out of the money party to post collateral with an amount equal to the cumulative mark to market value, either with the counterparty or with an exchange. Both initial and variation margin are refundable upon settlement of the derivative and is therefore accounted for as collateral. Discounted Letters of Credit are advanced letter of credit payments that the Group pay to counterparties before the completion of the sales and shipping process. The amount that the Group pays out is discounted by a discounted fee (interest rate) and as such, is lower that the principal expected to be received. They are essentially factoring transactions. Trade Finance loans are short-term working capital loans to banks operating in trade finance markets. They assist buyers and sellers to finance their trade commitments on a transactional basis. The Group receives interest payments in return.	13
Other Loans and Advances to non-banks	Liquidity as a Service is a type of overdraft facility where the Group agrees to provide clients with a facility for a set period with specific terms as set out in the Liquidity as a Service agreement. The clients use the liquidity to undertake foreign exchange business with the Group. A flat facility fee is charged for the provision of services. The Group will lend money to clients solely for the purpose of assisting the client with its specific liquidity requirements that arise from settlement timelines in its standard payment flows. The rate charged for the amount lent is the greater of i. a fixed rate (e.g. 9%) or ii. US Federal rate plus a spread (e.g. US Fed rate plus 1%).	13
Unsettled Transactions	Unsettled transactions are unsettled balances resulting from foreign exchange transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The balances are short-term (typically less than four days).	18
Investment in Debt Securities	Fixed rate bonds (US Treasury bills) are US Treasury bills issued by the US government which offer a fixed rate of interest for a set period of time. Fixed rate bonds (other) are other fixed rate bonds issued by companies or G20 governments which offer a fixed rate of interest for a set period of time. Floating rate notes (FRNs) are Investment in debt securities that pay a coupon determined by a reference rate which resets periodically. As such, the interest received is not fixed. Certificates of deposit (CDs) are Investment in debt securities that pay fixed interest for a fixed period of time. Unlike bonds, CDs are usually not tradable in a secondary market.	15
Other assets	Balances with mobile network operators are the payments from mobile network operators (MNOs) that are due to the Group in respect of mobile money accounts. In certain countries in Africa, mobile money accounts are widely used, this service allows users to deposit money into an account stored on their mobile phones and to then send balances using a PIN-secured SMS text message to other users. One of the services that the Group provide is the transfer of funds by clients to beneficiaries via mobile. Typically, a client will deposit funds in the Group's controlled bank account. These funds are then transferred to an account held with a MNO. Clients submit a request for a payment to be made on the Payment Gateway. On receipt of the request, funds are remitted from the account held with the MNOs to the beneficiary with the Group's fee deducted simultaneously. MNOs therefore provide the Group with the equivalent of a bank account. In relation to the Company – Other Asset exposures also include amounts due from Group companies.	18
Accrued income	Accrued income is money owed to the Group for services rendered or provided that have not yet been invoiced. The balance arises from several components such as management fees, pension fee accruals, and other revenues.	17
Off-Balance Sheet Accounts	These are trade finance guarantees, letter of acceptances and confirmation that are contingent liabilities and so require documented levels of performance to be achieved for settlement. Typically, the Group's counterparty is another bank and ordinarily the contract has a maximum tenor of six months. The undrawn portion of Liquidity as a Service facilities. The Liquidity as a Service facilities are repayable on demand as drawing to the agreed limit can be made at the counterparty's instruction then the undrawn portion does attract an ECL amount.	26

The maximum credit exposures (gross balance before ECL adjustment) distributed across each instrument are summarised in the table below.

	Consolidated	
	2023 £'000	Restated 2022 £'000
Cash and balances at central banks	528,396	607,358
Loans and Advances on Demand to Banks	135,203	91,470
Other Loans and Advances to Banks[1]	137,597	84,493
Other Loans and Advances to Non-Banks[1]	8,712	12,455
Unsettled transactions[2]	8,417	16,988
Investment in debt securities	353,042	414,074
Other asset (measured at amortised cost)[2]	11,257	4,056
Accrued income	1,218	429
Total On-Balance Sheet Exposure	**1,183,842**	**1,231,323**

1 Prior year balances have been restated. Refer to Note 13.
2 Prior year balances have been restated. Refer to Note 18.

Refer to Note 37 g) for the financial assets carrying amounts tying to consolidated statement of financial assets.

i. Off-balance sheet exposures

	Consolidated	
	2023 £'000	2022 £'000
Financial guarantee contracts	1,911	4,000
Trade Finance – letter of credit confirmation / acceptance	4,228	15,000
Confirmations	9,173	23,000
Liquidity as a service	14,884	4,721
Total Off-Balance Sheet Exposure[1]	**30,196**	**46,721**

1 The total off-balance sheet exposure consists of the following: financial guarantee contracts, which are contracts that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument, letter of credit confirmation / acceptance, which is a letter from an issuing bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount and liquidity as a service, which is a credit facility offered by the Group to its clients which allows clients to draw down on the facility on satisfaction of the terms of this facility.

The carrying amounts of financial assets best represents their maximum exposure to credit risk. The amounts include both balance sheet and undrawn exposures.

c) Significant increase in credit risk (SICR)

The Group uses a defined criteria to determine whether credit risk has increased significantly for each instrument. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises the range above which an increase in lifetime PD is determined to be significant, as well as some indicative qualitative indicators assessed. The Group uses an internal rating system that goes from Rating 0 to 7 with Rating 8 representing default except for Non-Banking Financial Institutions (NBFI) and International Development Organisations (IDO) counterparties which do not fit the Moody's risk rating Model (RiskCalc). Below is a table that represents the through-the-cycle (TTC) PD range per rating and the exposure-weighted distribution for 2023. Furthermore, ratings 0 to 3 represent investment grade ratings whilst 4 to 7 represent sub-investment grade ratings. This range in unchanged from previous years.

Rating Type	Rating	TTC PD Range
Investment Grade	Rating 0	0%, 0.01%
	Rating 1	0.01%, 0.02%
	Rating 2	0.03%, 0.05%
	Rating 3	0.06%, 0.08%
Sub-Investment Grade	Rating 4	0.081%, 0.10%
	Rating 5	0.11%, 0.5%
	Rating 6	0.51%, 1.5%
	Rating 7	1.51%, 25%
	Rating 8 (Default)	100%

Irrespective of the outcome of the above rating assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit risk are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

d) Incorporation of forward-looking information

The Group incorporates readily available forward-looking information in its computation of Expected Credit Losses (ECL) and utilises external data to formulate a 'base case' scenario, projecting future economic variables and exploring a representative spectrum of alternative forecast scenarios. The Group assigns probabilities to the identified forecast scenarios, with the base case representing the singularly most probable outcome utilised for strategic planning and budgeting purposes.

Key drivers of credit risk and credit losses for each financial instrument class are meticulously identified and documented, and statistical analyses of historical data establish relationships between macro-economic variables and credit risk as well as credit losses. Throughout the reporting period, there have been no alterations to the estimation techniques or significant assumptions.

The Group's balance sheet is made from a simple product suite where the significant macro-economic variable is GDP growth rates. These are disclosed in section 37 with related sensitivities.

The greatest volume of the exposure on the Balance Sheet is Bank of England balances and hold to maturity US Treasuries and other High Quality Liquid Assets that are not really affected negatively by inflation, interest rates and unemployment in those jurisdictions as they are with low risk institutions.

Whilst inflation, interest rates and unemployment could affect the economic cycle in some of the 130+ countries of risk, the exposure is short-term and ordinarily de minimis at less than 10% of CAB's balance sheet through Nostro balances and FX settlement exposure. The cost of providing detailed forecast macro-economic variables such as unemployment, inflation and interest rates would be onerous and potentially greater than the small exposure in such countries. Furthermore, in some jurisdictions such data may not be available.

The table below outlines GDP growth indicators forecasted in economic scenarios as of December 31, 2023, for the years 2024 to 2028, specifically focusing on the UK and key regions where the Group operates, thereby exerting a substantial impact on Expected Credit Losses (ECLs).

This table comprises the 2023 GDP growth rates used in the calculation of the 2023 ECL balance.

	2024	2025	2026	2027	2028
United Kingdom GDP growth					
Base scenario	**0.5%**	1.5%	1.9%	1.5%	1.4%
Upside scenario	**4.6%**	3.7%	3.0%	1.8%	1.3%
Mild upside scenario	**3.0%**	2.9%	2.6%	1.7%	1.3%
Stagnation scenario	**(2.0%)**	0.6%	1.6%	1.5%	1.5%
Downside scenario	**(3.1%)**	0.2%	1.4%	1.4%	1.5%
Severe downside scenario	**(5.1%)**	(0.7%)	1.1%	1.3%	1.6%

	2024	2025	2026	2027	2028
Americas GDP growth					
Base scenario	**1.1%**	1.6%	2.4%	2.2%	1.8%
Upside scenario	**3.7%**	3.6%	3.7%	3.6%	1.7%
Mild upside scenario	**2.6%**	2.9%	3.3%	2.5%	1.8%
Stagnation scenario	**(0.4%)**	0.9%	1.9%	2.1%	1.9%
Downside scenario	**(1.1%)**	0.5%	1.6%	2.0%	1.9%
Severe downside scenario	**(2.3%)**	(0.3%)	1.0%	1.8%	2.0%
Eurozone GDP growth					
Base scenario	**0.8%**	2.0%	2.1%	1.7%	1.4%
Upside scenario	**4.0%**	4.5%	3.4%	1.9%	1.2%
Mild upside scenario	**2.7%**	3.6%	3.0%	1.8%	1.3%
Stagnation scenario	**(1.2%)**	1.0%	1.7%	1.7%	1.5%
Downside scenario	**(2.1%)**	0.4%	1.4%	1.7%	1.5%
Severe downside scenario	**(3.7%)**	(0.5%)	1.0%	1.6%	1.6%
Asia-Pacific GDP growth					
Base scenario	**3.6%**	3.8%	3.8%	3.7%	3.6%
Upside scenario	**7.0%**	5.9%	5.4%	4.2%	3.5%
Mild upside scenario	**5.6%**	5.1%	4.9%	4.0%	3.5%
Stagnation scenario	**1.6%**	2.9%	3.1%	3.5%	3.7%
Downside scenario	**0.7%**	2.4%	2.8%	3.4%	3.7%
Severe downside scenario	**(0.9%)**	1.6%	2.1%	3.2%	3.8%
Sub-Saharan Africa GDP growth					
Base scenario	**3.1%**	3.4%	3.4%	3.4%	3.2%
Upside scenario	**8.8%**	6.9%	5.7%	3.8%	2.8%
Mild upside scenario	**6.6%**	5.7%	4.9%	3.7%	3.0%
Stagnation scenario	**(0.0%)**	1.9%	2.3%	3.1%	3.4%
Downside scenario	**(1.6%)**	1.1%	1.7%	3.0%	3.6%
Severe downside scenario	**(4.1%)**	(0.4%)	0.6%	2.9%	3.8%
Middle East North Africa GDP growth					
Base scenario	**2.6%**	3.0%	2.8%	2.6%	2.5%
Upside scenario	**8.1%**	6.7%	5.1%	3.0%	2.1%
Mild upside scenario	**5.9%**	5.4%	4.3%	2.8%	2.3%
Stagnation scenario	**(0.5%)**	1.5%	1.8%	2.4%	2.7%
Downside scenario	**(2.0%)**	0.6%	1.2%	2.3%	2.9%
Severe downside scenario	**(4.4%)**	(0.9%)	0.1%	2.2%	3.1%

This table comprise the 2022 GDP growth rates used in the calculation of 2022 ECL balance.

	2023	2024	2025	2026	2027
United Kingdom GDP growth					
Base scenario	**(0.9%)**	1.5%	2.7%	2.2%	1.7%
Upside scenario	**3.0%**	3.8%	3.9%	2.6%	1.5%
Mild upside scenario	**1.4%**	3.0%	3.5%	2.5%	1.6%
Stagnation scenario	**(3.5%)**	0.7%	2.5%	2.2%	1.8%
Downside scenario	**(4.6%)**	0.2%	2.3%	2.1%	1.8%
Severe downside scenario	**(6.5%)**	(0.6%)	2.0%	2.1%	1.9%
Americas GDP growth					
Base scenario	**(0.0%)**	1.3%	2.3%	2.4%	2.2%
Upside scenario	**2.7%**	3.2%	3.7%	2.8%	2.1%
Mild upside scenario	**1.6%**	2.5%	3.2%	2.7%	2.1%
Stagnation scenario	**(1.4%)**	0.5%	1.8%	2.2%	2.2%
Downside scenario	**(2.1%)**	0.1%	1.5%	2.1%	2.3%
Severe downside scenario	**(3.2%)**	(0.7%)	1.0%	2.0%	2.3%
Eurozone GDP growth					
Base scenario	**(0.1%)**	2.1%	2.3%	1.9%	1.6%
Upside scenario	**3.1%**	4.7%	3.6%	2.1%	1.4%
Mild upside scenario	**1.8%**	3.8%	3.2%	2.0%	1.5%
Stagnation scenario	**(2.1%)**	1.1%	1.9%	1.9%	1.6%
Downside scenario	**(3.1%)**	0.6%	1.6%	1.9%	1.7%
Severe downside scenario	**(4.6%)**	(0.4%)	1.2%	1.8%	1.7%
Asia-Pacific GDP growth					
Base scenario	**3.3%**	4.2%	4.9%	4.6%	4.2%
Upside scenario	**6.4%**	6.3%	6.3%	5.0%	4.0%
Mild upside scenario	**5.1%**	5.5%	5.8%	4.8%	4.1%
Stagnation scenario	**1.2%**	3.3%	4.1%	4.3%	4.2%
Downside scenario	**0.3%**	2.9%	3.7%	4.2%	4.3%
Severe downside scenario	**(1.3%)**	2.0%	3.0%	4.0%	4.3%
Sub-Saharan Africa GDP growth					
Base scenario	**2.8%**	3.2%	3.3%	3.4%	3.3%
Upside scenario	**8.1%**	6.7%	5.6%	3.8%	2.8%
Mild upside scenario	**6.0%**	5.4%	4.8%	3.6%	3.0%
Stagnation scenario	**(0.3%)**	1.8%	2.2%	3.2%	3.6%
Downside scenario	**(1.8%)**	0.9%	1.6%	3.1%	3.7%
Severe downside scenario	**(4.2%)**	(0.5%)	0.6%	2.9%	4.0%
Middle East North Africa GDP growth					
Base scenario	**2.1%**	2.9%	2.8%	2.5%	2.4%

	2023	2024	2025	2026	2027
Upside scenario	**7.5%**	6.7%	5.2%	2.9%	2.0%
Mild upside scenario	**5.4%**	5.3%	4.4%	2.8%	2.2%
Stagnation scenario	**(1.0%)**	1.2%	1.7%	2.4%	2.7%
Downside scenario	**(2.5%)**	0.3%	1.1%	2.3%	2.8%
Severe downside scenario	**(5.0%)**	(1.3%)	(0.0%)	2.1%	3.0%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 18 years.

The Group has performed a sensitivity analysis on how ECL on the main portfolio would change if the key assumptions used to calculate ECL change by macroeconomic scenario. The table below outlines the total ECL across the portfolio as at 31 December 2023, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position) for each of the macroeconomic scenarios. The changes are applied in isolation for illustrative purposes and are applied to each probability weighted scenario used to develop the estimate of expected credit losses. Each economic scenario represents the average twelve-month PD and ECL, assuming a 100% weighting to that scenario. There will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

	2023			2022		
As at 2023	**Average 12m PD**	**ECL £’000**	**ECL sensitivity from Base Case £’000**	**Average 12m PD**	**ECL £’000**	**ECL sensitivity from Base Case £’000**
Base	0.2%	814	-	0.8%	440	-
Upside	0.2%	713	- 101	0.7%	409	- 31
Mild upside	0.2%	750	- 64	0.8%	421	- 19
Stagnation	0.2%	889	+ 75	0.9%	465	+ 25
Downside	0.2%	921	+ 107	0.9%	478	+ 38
Severe	0.3%	1,004	+ 190	1.0%	501	+ 61

There are no changes to the estimation techniques for ECL at year-end and there are no significant changes to the GDP growth rate when compared to prior year. It can be noted above that the sensitivity analysis does not result in significant changes to the ECL balances.

The ECL is calculated using a weighted case from the macro-economic scenarios above. The probability of each scenario occurring in both 2023 and 2022 is based on the following;

Economic Scenario	**Probability Weighting**
1. Base	30%
2. Upside	10%
3. Mild upside	15%
4. Stagnation	10%
5. Downside	20%
6. Severe	15%

e) Measurement of expected credit losses (ECL)

ECL is applicable to financial assets classified at amortised cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable 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 Group applies the general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance to its financial assets measured at amortised cost. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

The ECL Model allocates accounts to three Stages and calculates the impairment as:

- Twelve months Expected Loss for accounts in Stage 1; and
- Lifetime Expected Loss (LEL) for accounts in Stage 2 and Stage 3.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

The Group has measured its ECL at a counterparty-level which is then aggregated to a product and segment level. In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

i. Probability of Default

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. PDs are determined using the one-factor Merton-Vasicek model and transforms TTC PDs to a 1-month Forward-in-Time (FiT) PD for each period of a loan's contractual life by decomposing the portfolio into systematic and idiosyncratic risk factors. The systematic factor captures risks relevant to the entire portfolio and is assumed to be correlated to the overall macroeconomy. The idiosyncratic factor captures counterparty-specific characteristics. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

The Group estimates the remaining lifetime Probability of Default (PD) of exposures and how these are expected to change over time. The Group uses the Moody's RiskCalc tool to assign a risk rating to each counterparty which represents the probability of default. The factors considered in this process include macro-economic data including GDP per region – UK, Americas, Eurozone, Asia, Sub-Saharan Africa (SSA), and Middle East & North Africa (MENA). The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

ii. Loss Given Default

The LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD model for portfolio incorporates information on time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective interest rate (EIR) of the loan.

iii. Exposure at Default

The EAD is the estimated total value of the Group's exposures at the time of default. It includes all the outstanding amounts, including the account balance, interest, fees, and arrears as well as any default penalty and recovery fees associated with defaulted account. For the balance sheet exposure, the EAD specifically includes committed but undrawn amount together with interest.

f) Groupings based on shared risks characteristics

When ECL is measured on a collective basis, (aggregating the results of each individual calculation) the financial instruments are grouped on the basis of shared risk characteristics, such as: instrument type, credit risk grade, and regional split.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

g) Impairment of financial assets

The Group's impairment loss on financial assets, undrawn commitments and financial guarantees that are subject to the expected credit loss model are as shown below:

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Impairment recognised in profit or loss:		
Increase in ECL provision for cash and balances at central banks	–	–
Increase/(decrease) in ECL for Loans and advances on Demand to Banks	21	(1)
(Decrease)/Increase in ECL for other Loans and Advances to Banks	(62)	70
Increase in ECL for other Loans and Advances to Non-Banks	448	205
Increase in ECL Unsettled Transaction Exposures	–	4
Increase in ECL provision for investment in debt securities	1	11
Increase in ECL for other assets	42	2
(Decrease)/Increase in ECL for accrued income	(2)	4
Total impairment recognised in profit or loss for financial assets	**448**	**295**
Increase in ECL for Guarantees	1	31
Increase in ECL for Acceptances	3	–
(Decrease)/Increase in ECL for Confirmations	(6)	8
(Decrease)/Increase in ECL for Liquidity as a Service	(43)	271
Total impairment loss/ (recovery) recognised in profit or loss	**404**	**342**

h) Credit quality
An analysis of the Group's credit rating, maturity and credit risk concentrations per class of financial asset is provided in the following tables.

i. Portfolio grading

The table below displays a breakdown of the portfolio in terms of credit quality. Instruments with strong credit characteristics are categorised as 'investment grade' (risk grades 0 to 3), while those with higher credit risk are categorised as 'sub-investment grade' (risk grades 4 to 7).

The table below comprise the maximum credit exposure by portfolio grading.

	Consolidated	
Exposure by grade	**2023 £'000**	**Restated 2022 £'000**
On-Balance Sheet Exposure		
Cash and balances at central banks	**528,396**	**607,358**
Investment Grade	528,396	607,358
Loans and Advances on Demand to banks	**135,203**	**91,470**
Investment Grade	115,274	78,754
Sub-Investment Grade	19,929	12,716
Other Loans and Advances to banks[1]	**137,597**	**84,494**
Investment Grade	78,253	50,334
Sub-Investment Grade	59,344	34,160
Other Loans and Advances to non-banks[1]	**8,712**	**12,455**
Investment Grade	–	–
Sub-Investment Grade	8,712	12,455
Unsettled Transactions[2]	**8,417**	**16,987**
Investment Grade	1,608	8,511
Sub-Investment Grade	6,809	8,476
Investment in debt securities	**353,042**	**414,074**
Investment Grade	353,042	414,074
Sub-Investment Grade	–	–
Other assets[2]	**11,257**	**4,056**
Investment Grade	2,493	1
Sub-Investment Grade	8,764	4,055
Accrued income	**1,218**	**429**
Investment Grade	391	–
Sub-Investment Grade	827	429
Total On-Balance Sheet Exposure	**1,183,842**	**1,231,323**
Investment Grade	**1,079,457**	**1,159,032**
Sub-Investment Grade	**104,385**	**72,291**

1 Prior year balances have been restated. Refer to Note 13.
2 Prior year balances have been restated. Refer to Note 18.

i. Portfolio grading (continued)

The table below summarises the total off-balance sheet exposure.

Exposure by Grade **Off Balance Sheet Exposure**	**Consolidated**	
	2023 **£'000**	**2022** **£'000**
Financial guarantees	**1,911**	**4,000**
Investment Grade	**–**	–
Sub-Investment Grade	1,911	4,000
Acceptances	**4,228**	**15,000**
Investment Grade	1,482	–
Sub-Investment Grade	2,746	15,000
Confirmations	**9,173**	**23,000**
Investment Grade	3,680	–
Sub-Investment Grade	5,493	23,000
Liquidity as a Service	**14,884**	**4,721**
Investment Grade	**–**	–
Sub-Investment Grade	14,884	4,721
Total Off-Balance Sheet Exposure	**30,196**	**46,721**
Investment Grade	5,162	–
Sub-Investment Grade	25,034	46,721

ii. Exposure by region

The table below describes the gross carrying amount by location for each asset class.

	Consolidated	
Exposures by region	**2023 £'000**	**Restated 2022 £'000**
Cash and Balances	**528,396**	**607,358**
UK	528,396	607,358
Loans and Advances on demand to banks	**135,203**	**91,470**
Africa	15,647	11,674
China	1,489	1,041
Europe	22,759	13,209
Far East	3,414	1,986
Japan	15,758	6,226
Middle East	872	8,656
Other	1,580	2,984
UK	23,490	13,260
Americas	50,194	32,434
Other Loans and Advances to banks[1]	**137,597**	**84,494**
Africa	52,021	37,197
China	8,079	27,358
Europe	10,486	1,055
Far East	15,492	–
Japan	–	–
Middle East	33,424	19,286
Other	–	–
UK	15,260	137
Americas	2,836	2,461
Other Loans and Advances to non-banks[1]	**8,712**	**12,455**
Africa	5,544	142
China	–	–
Europe	352	3,078
Far East	–	–
Japan	–	–
Middle East	–	–
Other	–	–
UK	2,816	9,235
Americas	**–**	–

1 Prior year balances have been restated. Refer to Note 13.

ii. Exposure by region (continued)

Exposures by Region	Consolidated 2023 £'000	Consolidated Restated 2022 £'000
Unsettled Transactions[1]	**8,417**	**16,988**
Africa	5,286	8,938
China	–	–
Europe	1,419	72
Far East	656	7,287
Japan	–	–
Middle East	413	–
Other	–	–
UK	644	611
Americas	–	80
Investments in Debt Securities	**353,042**	**414,074**
Africa	–	24,283
Europe	194,872	145,823
Far East	65,036	49,268
Middle East	–	–
Other	29,923	17,314
UK	–	19,698
Americas	63,211	157,688
Other Assets[1]	**11,257**	**4,056**
Africa	7,533	2,003
Europe	41	–
Far East	8	–
Middle East	–	–
Other	–	–
UK	3,675	1,289
Americas	–	764
Accrued Income	**1,218**	**429**
UK	1,218	429
Americas	**–**	–
Total On-Balance Sheet Exposure	**1,183,842**	**1,231,323**

1 Prior year balances have been restated. Refer to Note 18.

ii. Exposure by region (continued)

The total off balance sheet exposure is broken down below.

Off Balance Sheet Exposures by Region	2023 £'000	2022 £'000
Financial Guarantees	**1,911**	4,000
Africa	1,589	4,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	87	–
Americas	235	–
Acceptances	**4,228**	15,000
Africa	2,746	15,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	–	–
Americas	1,482	–
Confirmations	**9,173**	23,000
Africa	5,493	23,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	–	–
Americas	3,680	–
Liquidity as a Service	**14,884**	4,721
Africa	544	4,721
Europe	1,875	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	12,465	–
Americas	**–**	–
Total Off-Balance Sheet Exposure	**30,196**	46,721
Total Exposure	**1,214,038**	1,278,044

iii. Breakdown by maturity

The table below describes the gross carrying amount per maturity for each asset class.

Exposure by maturity **On Balance Sheet Exposure**	**2023** **£'000**	**2022** **£'000**
Cash and balances at central banks	**528,396**	**607,358**
3 months or less	528,396	607,358
More than 3 months	**–**	–
Loans and Advances on demand to banks	**135,203**	**91,470**
3 months or less	135,203	91,470
More than 3 months	**–**	–
Other Loans and Advances to banks[1]	**137,597**	**84,494**
3 months or less	137,597	84,494
More than 3 months	**–**	–
Other Loans and Advances to non-banks[1]	**8,712**	**12,455**
3 months or less	8,712	12,455
More than 3 months	**–**	–
Unsettled Transactions[2]	**8,417**	**16,987**
3 months or less	8,417	16,987
More than 3 months	**–**	–
Investment in debt Securities	**353,042**	**414,074**
3 months or less	353,042	414,074
More than 3 months	**–**	–
Other Assets[2]	**11,257**	**4,056**
3 months or less	11,257	4,056
More than 3 months	**–**	–
Accrued Income	**1,218**	**429**
3 months or less	1,218	429
More than 3 months	**–**	–
Total On Balance Sheet Exposure	**1,183,842**	**1,231,323**

1 Prior year balances have been restated. Refer to Note 13.
2 Prior year balances have been restated. Refer to Note 18.

iii. Breakdown by maturity (continued)

The total off balance sheet exposure is broken down below.

Exposure by maturity Off balance sheet exposures	Consolidated 2023 £'000	 2022 £'000
Financial guarantees	**1,911**	**4,000**
3 months or less	1,911	4,000
More than 3 months	**–**	–
Acceptances	**4,228**	**15,000**
3 months or less	4,228	15,000
More than 3 months	**–**	–
Confirmations	**9,173**	**23,000**
3 months or less	9,173	23,000
More than 3 months	**–**	–
Liquidity as a Service	**14,884**	**4,721**
3 months or less	14,884	4,721
More than 3 months	**–**	–
Total Off Balance Sheet Exposure	**30,196**	**46,721**
Total Exposure	**1,214,038**	**1,278,044**

iv. Loss allowance

The tables below describes gross carrying amount, loss allowance, and carrying amount after loss allowance per class of assets.

On Balance sheet exposure	Consolidated 2023 £'000	 Restated 2022 £'000
Cash and Balances at Central Banks		
Gross Carrying Amount	528,396	607,358
Loss Allowance	–	–
Carrying Amount After Loss Allowance	528,396	607,358
Loans and Advances on demand to banks		
Gross Carrying Amount	135,203	91,470
Loss Allowance	(25)	(4)
Carrying Amount After Loss Allowance	135,178	91,466
Other Loans and Advances to banks[1]		
Gross Carrying Amount	137,597	84,494
Loss Allowance	(27)	(63)
Carrying Amount After Loss Allowance	137,570	84,431
Other Loans and Advances to non-banks[1]		
Gross Carrying Amount	8,712	12,455
Loss Allowance	(496)	(230

On Balance sheet exposure	Consolidated 2023 £'000	Restated 2022 £'000
Carrying Amount After Loss Allowance	8,216	12,224
Unsettled Transactions[2]		
Gross Carrying Amount	8,417	16,988
Loss Allowance	–	(2)
Carrying Amount After Loss Allowance	8,417	16,985
Investment in debt securities		
Gross Carrying Amount	353,042	414,074
Loss Allowance	(14)	(13)
Carrying Amount After Loss Allowance	353,028	414,061
Other Assets[2]		
Gross Carrying Amount	11,257	4,056
Loss Allowance	(57)	(60)
Carrying Amount After Loss Allowance	11,200	3,996
Accrued Income		
Gross Carrying Amount	1,218	429
Loss Allowance	(3)	(5)
Carrying Amount After Loss Allowance	1,215	424
Total On-Balance Sheet Gross Carrying Amount	**1,183,842**	**1,231,323**
Total Loss Allowance	**(621)**	**(377)**
Total On-Balance Carrying Amount After Loss Allowance	**1,183,221**	**1,230,946**

1 Prior year balances have been restated. Refer to Note 13.
2 Prior year balances have been restated. Refer to Note 18.

iv. Loss allowance (continued)

The off-balance sheet exposure is broken down below.

Off Balance Sheet exposure	Consolidated	
	2023 £'000	**2022 £'000**
Financial Guarantees Contracts		
Gross Carrying Amount	1,911	4,000
Loss Allowance	(2)	(1)
Carrying Amount After Loss Allowance	1,910	3,999
Acceptances		
Gross Carrying Amount	4,228	15,000
Loss Allowance	(3)	(1)
Carrying Amount After Loss Allowance	4,225	14,999
Confirmations		
Gross Carrying Amount	9,173	23,000
Loss Allowance	(3)	(6)
Carrying Amount After Loss Allowance	9,170	22,994
Liquidity as a service		
Gross Carrying Amount	14,884	4,721
Loss Allowance	(228)	(72)
Carrying Amount After Loss Allowance	14,656	4,649
Total Off-Balance Sheet Exposure	**30,196**	**46,721**
Total Loss Allowance	**(236)**	**(79)**
Total Off-Balance Sheet Exposure After Loss Allowance	**29,960**	**46,642**
Total Exposure	**1,214,038**	**1,278,044**
Total Loss Allowance	**(857)**	**(456)**
Total Exposure After Loss Allowance	**1,213,181**	**1,277,588**

v. Breakdown as a function of staging and risk grade

An analysis of The Group's expected credit loss per class of financial asset, internal rating, and "staging" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables.

	Consolidated					
	2023 £'000			2022 £'000		
ECL	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	**–**	**–**	**–**	**–**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	–	–	–	–	–	–
Loans and advances on demand to banks	**25**	**–**	**–**	**4**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	25	–	–	4	–	–
Other Loans and advances to banks	**27**	**–**	**–**	**63**	**–**	**–**
Investment Grade	1	–	–	–	–	–
Sub-Investment Grade	27	–	–	63	–	–
Other Loans and advances to non-banks	**14**	**450**	**32**	**230**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	14	450	32	230	–	–
Unsettled Transactions	**13**	**–**	**–**	**2**	**1**	**–**
Investment Grade		–	–	–	–	–
Sub-Investment Grade	13	–	–	2	1	–
Investment in debt securities	**14**	**–**	**–**	**13**	**–**	**–**
Investment Grade	14	–	–	13	–	–
Sub-Investment Grade	–	–	–	–	–	–
Other asset exposures	**27**	**1**	**16**	**59**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	27	1	16	59	–	–
Accrued income	**3**	**–**	**–**	**5**	**–**	**–**
Investment grade	–	–	–	–	–	–
Sub-Investment Grade	3	–	–	5	–	–
Total On-Balance Sheet ECL	**122**	**451**	**48**	**375**	**1**	**–**
Total On-Balance Sheet ECL	**621**			**376**		

v. Breakdown as a function of staging and risk grade (continued)

The off-Balance sheet breakdown of ECL per instrument at each stage is shown below:

	Consolidated					
ECL	**2023 £'000**			**2022 £'000**		
Off Balance Sheet Items	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Financial Guarantees	**2**	**–**	**–**	**1**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	2	–	–	1	–	–
Acceptances	**3**	**–**	**–**	**1**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	3	–	–	1	–	–
Confirmation	**3**	**–**	**–**	**6**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	3	–	–	6	–	–
Liquidity as Service	**7**	**221**	**–**	**72**	**–**	**–**
Investment Grade	–	–	–	–	–	–
Sub-Investment Grade	7	221	–	72	–	–
Total Off-Balance Sheet ECL	**15**	**221**	**–**	**79**	**–**	**–**
Total Off-Balance Sheet ECL	**236**			**79**		
Total ECL per stage	**137**	**672**	**48**	**455**	**1**	**–**
Total ECL	**857**			**456**		

v. Breakdown as a Function of Staging (continued)

The on-balance sheet and off-Balance sheet breakdown of maximum exposure per instrument at each stage is shown below:

	2023			2022		
Maximum exposure per staging	**£'000**			**£'000**		
On balance sheet items	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Cash and balances at central banks	528,396	-	-	607,358	-	-
Loans and advances on demand to banks	134,882	322	-	91,380	89	-
Other Loans and advances to banks	137,598	-	-	84,494	-	-
Other Loans and advances to non-banks	2,531	6,092	-	12,455	-	-
Unsettled Transactions	7,365	1,035	-	15,985	1,003	-
Investment in debt securities	353,042	-	-	414,074	-	-
Other asset exposures	8,057	3,109	89	4,056	-	-
Accrued income	1,218	-	-	429	-	-
Total On-Balance Sheet maximum exposure	**1,173,089**	**10,558**	**89**	**1,230,231**	**1,092**	**-**
Total On-Balance Sheet maximum exposure		**1,183,736**			**1,231,323**	
Off Balance Sheet Items						
Financial Guarantees	1,899	12	**-**	4,000	-	-
Acceptances	4,228	-	**-**	15,000	-	-
Confirmation	9,173	-	**-**	23,000	-	-
Liquidity as Service	685	14,199	-	4,721	-	-
Total Off-Balance Sheet maximum exposure	**15,985**	**14,211**	**-**	**46,721**	-	-
Total Off-Balance Sheet maximum exposure		**30,196**			**46,721**	
Total maximum exposure per stage	**1,189,074**	**24,769**	**-**	**1,276,952**	**1,092**	**-**
Total maximum exposure per stage		**1,213,932**			**1,278,044**	

vi. Coverage ratios table

The tables below analyse the coverage ratio.

Coverage ratios	**2023**			**2022**		
On balance sheet	**Gross carrying amount £'000**	**ECL £'000**	**Coverage ratio %**	**Gross carrying amount £'000**	**ECL £'000**	**Coverage ratio %**
Stage 1	1,173,089	122	0.01%	1,230,231	375	0.03%
Stage 2	10,558	451	4.27%	1,092	1	0.09%
Stage 3	89	48	53.93%	-	-	-
Total on-balance sheet	**1,183,736**	**621**	**0.05%**	**1,231,323**	**376**	**0.03%**
Off - balance sheet						
Stage 1	15,985	15	0.09%	46,721	79	0.17%
Stage 2	14,211	221	1.56%	-	-	-
Stage 3	-	-	-	-	-	-
Total – off balance sheet	**30,196**	**236**	**0.78%**	**46,721**	**79**	**0.17%**
TOTAL	**1,213,932**	**857**	**0.07%**	**1,278,044**	**455**	**0.04%**

vii. Movement in loss allowances across the stages

The tables below analyse the movement of the loss allowance during the year per class of assets with movements in stages.

	Consolidated					
	2023 £'000			2022 £'000		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Loss allowance at beginning of period	454	2	–	113	1	–
Loans expired / closed from previous period	(448)	(2)	–	(91)	(1)	–
New loans Issued	843	8	–	432	1	–
Expected credit loss before changes in loss allowance	849	8	–	454	1	–
Change in loss allowance	(712)	–	–	(1)	–	–
Transfer to Stage 1	–	–	–	–	–	–
Transfer to Stage 2	(664)	–	–	(1)	–	–
Transfer to Stage 3	(48)	–	–	–	–	–
Transfers in	–	664	48	–	1	–
Adjustments in expected credit loss	92	8	–	2	–	–
Loss allowance at end of period	137	672	48	454	2	–
Total loss allowance at end of period	**857**			**456**		

38. Liquidity Risk

Information on the policy for liquidity risk is in the Strategic Report. The risks relating to discontinued operations up to 20 June 2022 have been managed in the same manner as the rest of the Group at this time. From the date of transfer these risks reside with fair value of the disposal group held for sale (note 10).

The liquidity (undiscounted) cashflow profile of the Group's financial assets and financial liabilities (including interest receivable / payable on maturity) is as follows:

	Consolidated					
Assets 2023	**Less than 3 months £'000**	**3 months – 1 year £'000**	**1 year – 2 years £'000**	**2 years – 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Cash and balances at central banks	529,835	–	–	–	–	529,835
Money market funds	518,764	–	–	–	–	518,764
Loans and advances on demand to banks	135,239	–	–	–	–	135,239
Other loans and advances to banks	73,416	65,011	–	–	–	138,427
Other loans and advances to non-banks	8,216	–	–	–	–	8,216
Derivative financial assets	3,795	34	–	–	–	3,829
Unsettled transactions	8,417	–	–	–	–	8,417
Investment in debt securities	105,534	169,033	70,263	20,713	–	365,543
Investment in equity securities	–	–	–	–	495	495
Other assets	5,721	–	–	–	–	5,721
Accrued income (others)	1,215	–	–	–	–	1,215
	1,390,152	**234,078**	**70,263**	**20,713**	**495**	**1,715,700**

Liabilities 2023	Consolidated					
	Less than 3 months £'000	**3 months – 1 year £'000**	**1 year – 2 years £'000**	**2 years – 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Non-derivative liabilities						
Customer accounts	1,457,254	83,136	6,051	–	–	1,546,441
Unsettled transactions	20,081	–	–	–	–	20,081
Other liabilities	6,223	–	–	–	–	6,223
Accruals	18,367	–	–	–	–	18,367
Lease liabilities	134	238	181	331	–	884
	1,502,059	**83,374**	**6,232**	**331**	**–**	**1,591,996**
Derivative liabilities						
Derivative financial instruments	9,645	34	–	–	–	9,679

Assets 2022 (Restated)	Consolidated					
	Less than 3 months £'000	**3 months – 1 year £'000**	**1 year – 2 years £'000**	**2 years – 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Cash and balances at central banks	607,358	–	–	–	–	607,358
Money market funds	209,486	–	–	–	–	209,486
Loans and advances on demand to banks	90,209	–	–	–	–	90,209
Other loans and advances to banks[3]	73,213	12,252	–	–	–	85,465
Loans and advances to non-banks[3]	12,447	–	–	–	–	12,447
Derivative financial assets	6,551	16	–	–	–	6,567
Unsettled transactions[4]	16,071	–	–	–	–	16,071
Investment in debt securities	101,323	243,385	66,844	10,125	–	421,677
Investment in equity securities	–	–	–	–	488	488
Other assets[2/4]	5,242	–	–	–	–	5,242
Accrued income (others)	856	–	–	–	–	856
	1,122,756	**255,653**	**66,844**	**10,125**	**488**	**1,455,866**

Liabilities 2022	Consolidated					
	Less than 3 months £'000	3 months – 1 year £'000	1 year – 2 years £'000	2 years – 5 years £'000	More than 5 years £'000	Total £'000
Non-derivative liabilities						
Customer accounts	1,134,194	171,357	–	–	–	1,305,551
Unsettled transactions	25,782	–	–	–	–	25,782
Other liabilities[1]	5,551	–	–	–	–	5,551
Accruals	19,364	–	–	–	–	19,364
Lease liabilities	108	359	346	468	–	1,281
Provisions	79	–	–	–	–	79
	1,185,078	**171,716**	**346**	**468**	**–**	**1,357,608**
Derivative liabilities						
Derivative financial instruments	4,520	23	–	–	–	4,543

1 Excludes non-financial liabilities such as HM Revenue & Customs.
2 Excludes non-financial assets such as corporation tax refund, and VAT refund.
3 The prior year balance has been restated. Refer to Note 13 for further details thereon.
4 The prior year balance has been restated. Refer to Note 18 for further details thereon.

a) Company financial assets and liabilities
The liquidity (undiscounted) cashflow profile of the Company's financial assets and financial liabilities (including interest receivable / payable) is as follows:

Assets 2023	Company				
	Less than 3 months £'000	3 months – 1 year £'000	1 year – 2 years £'000	2 years – 5 years £'000	Total £'000
Loans and Advances to banks	658	–	–	–	658
Intercompany receivables	4,239	–	–	–	4,239
Other Assets	188	–	–	–	188
Total	**5,085**	**–**	**–**	**–**	**5,085**

Liabilities 2023	Company				
	Less than 3 months £'000	3 months – 1 year £'000	1 year – 2 years £'000	2 years – 5 years £'000	Total £'000
Intercompany payables	19,406	–	–	–	19,406
Accruals	1,022	–	–	–	1,022
Other Liabilities	422	–	–	–	422
Total	**20,850**	**–**	**–**	**–**	**20,850**

Liabilities 2022	Company				
	Less than 3 months £'000	3 months – 1 year £'000	1 year – 2 years £'000	2 years – 5 years £'000	Total £'000
Intercompany payables	1,198	–	–	–	1,198
Total	**1,198**	**–**	**–**	**–**	**1,198**

The Company does not have any significant trade obligations or liabilities to meet, and the financial liabilities of the Company largely constitute intercompany payables towards its subsidiary, CAB. Although, this liability is payable on demand, management does not expect its subsidiary to demand payment. The Company had no financial assets in 2022.

Where the Company is required to make any outward payments other than above intercompany payables, its subsidiary CAB advances the cash to the Company as needed. Therefore, the Company's liquidity risk is negligible.

39. Currency Risk

The Group does not have any structural exposure. The table below shows the Group's transactional currency exposures in its book, i.e. those non-structural exposures that give rise to the net currency gains and losses recognised in the statements of profit or loss and other comprehensive income. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in sterling.

At 31 December, these financial instruments were as follows:

2023 Currency	Consolidated – Net foreign currency monetary (liabilities) / assets in £'000					
	US Dollar	Euro	KES	UGX	Other	Total
(Liabilities) / assets	(281,532)	(97,714)	410	(153)	12,822	(366,167)
Net forward purchases/(sales)	282,402	97,077	(309)	–	(10,177)	368,993
	870	**(637)**	**101**	**(153)**	**2,645**	**2,826**
Change in assets / (liabilities) due to a change in currency value by						
+ 100 basis points	9	(6)	1	(2)	26	28
- 100 basis points	(9)	6	(1)	2	(26)	(28)

2022 Currency	US Dollar	Euro	KES	UGX	Other	Total
(Liabilities) / assets	(358,485)	(52,910)	419	390	(1,304)	(411,890)
Net forward purchases	360,651	52,007	119	–	5,137	417,914
	2,166	(903)	538	390	3,833	6,024
Change in assets / (liabilities) due to a change in currency value by						
+ 100 basis points	217	(90)	54	39	3,830	4,045
- 100 basis points	(217)	90	(44)	(39)	(3,830)	(4,045)

An analysis of the total financial instruments,, split between GBP and other currencies, is as follows:

	Consolidated	
	2023 £'000	2022 £'000
Assets		
Denominated in other currencies	1,040,623	757,150
Liabilities and Equity		
Denominated in other currencies	1,406,167	1,162,160

A 10% appreciation in the value of GBP against all other currencies would decrease the Group's profit or loss value by £283k (2022: £668k decrease).

A 10% depreciation in the value of GBP against all other currencies would increase the Group's profit or loss value by £283k (2022: £668k increase).

All of the Company's assets and liabilities in 2023 (2022: GBP) were denominated in GBP.

Therefore, the Company is not subjected to currency risk.

40. Interest Rate Risk

a) Interest rate sensitivity

Part of the Group's return on financial instruments is obtained from controlled mismatching of the dates on which the instruments mature or, if earlier, the dates on which interest receivable on financial assets and interest payable on financial liabilities are next reset to market rates. The table below summarises these re-pricing mismatches on the Group's book as at 31 December 2023. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date. All the financial assets / financial liabilities are based on fixed interest. The repricing table therefore is prepared on the basis that maturity date equals repricing date. It should be noted that the Group manages its interest rate risk on a behavioural basis where a portion of client deposits are treated as being rate insensitive.

b) Interest rate repricing

	Consolidated £'000					
Interest Rate Repricing 2023	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but not more than five years**	**Non-interest bearing**	**Total**
Assets						
Cash and balances at central banks	528,396	–	–	–	–	528,396
Money market funds	518,764	–	–	–	–	518,764
Loans and advances on demand to banks	135,178	–	–	–	–	135,178
Other loans and advances to banks	74,366	50,701	12,503	–	–	137,570
Loans and advances to non-banks	8,216	–	–	–	–	8,216
Derivative financial assets	3,795	15	19	–	–	3,829
Unsettled transactions	–	–	–	–	8,417	8,417
Investment in debt securities	104,424	56,322	110,547	89,336	–	360,629
Investments in equity securities	–	–	–	–	495	495
Other assets[1]	330	–	–	–	5,391	5,721
Accrued income	–	–	–	–	1,215	1,215
Total assets	**1,373,469**	**107,038**	**123,069**	**89,336**	**15,518**	**1,708,430**

1 Includes financial liabilities and lease liabilities

Interest rate repricing 2023 Liabilities	Consolidated £'000					
	Not more than three months	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but not more than five years**	**Non-interest bearing**	**Total**
Customer accounts	1,456,217	37,686	43,334	5,652	–	1,542,889
Derivative financial liabilities	9,645	15	19	–	–	9,679
Unsettled transactions	–	–	–	–	20,081	20,081
Other liabilities[1]	–	–	–	–	7,107	7,107
Accruals	–	–	–	–	18,367	18,367
Shareholders' funds	–	–	–	–	131,530	131,530
Total liabilities	**1,465,862**	**37,701**	**43,353**	**5,652**	**177,085**	**1,729,653**
Interest rate sensitivity gap	(92,393)	69,337	79,716	83,684	(161,567)	(21,223)
Cumulative gap	**(92,393)**	**(23,056)**	**56,660**	**140,344**	**(21,223)**	

1 Includes financial liabilities and lease liabilities

Interest Rate Repricing 2022 (Restated)	Consolidated £'000					
	Not more than three months	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but not more than five years**	**Non-interest bearing**	**Total**
Assets						
Cash and balances at central banks	607,358	–	–	–	–	607,358
Money market funds	209,486	–	–	–	–	209,486
Loans and advances on demand to banks	90,209	–	–	–	–	90,209
Other loans and advances to banks[1]	73,213	12,252	–	–	–	85,465
Loans and advances to non-banks[1]	12,447	–	–	–	–	12,447
Derivative financial assets	6,551	16	–	–	–	6,567
Unsettled transactions[2]	-	–	–	–	16,071	16,071
Investment in debt securities	98,675	64,460	175,103	75,823	–	414,061
Investments in equity securities	–	–	–	–	488	488
Other assets[2]	–	–	–	–	5,242	5,242
Accrued income	–	–	–	–	856	856
Total assets	**1,097,939**	**76,728**	**175,103**	**75,823**	**22,657**	**1,448,250**

1 The prior year balance has been restated. Refer to Note 13 for further details thereon.
2 The prior year balance has been restated. Refer to Note 18 for further details thereon.

Interest rate repricing 2022 Liabilities	Consolidated £'000 Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not more than five years	Non-interest bearing	Total
Customer accounts	1,134,309	128,369	42,873	–	–	1,305,551
Derivative financial liabilities	4,520	23	–	–	–	4,543
Unsettled transactions	–	–	–	–	25,782	25,782
Other liabilities[1]	–	–	–	–	5,551	5,551
Accruals	–	–	–	–	19,364	19,364
Provisions	–	–	–	–	79	79
Shareholders' funds	–	–	–	–	115,958	115,958
Total liabilities	**1,138,829**	**128,392**	**42,873**	**–**	**166,734**	**1,476,828**
Interest rate sensitivity gap	(40,890)	(51,664)	132,230	75,823	(144,077)	(28,578)
Cumulative gap	**(40,890)**	**(92,554)**	**39,676**	**115,499**	**(28,578)**	

1 Excludes non-financial liabilities such as HM Revenue & Customs.

Following a parallel shift in interest rates, the Group's net asset value and profit would change as follows:

Parallel Shift (consolidated)	2023 £'000	2022 £'000
+ 200bp	157	(58)
– 200bp	**(181)**	**45**

None of the Company's assets or liabilities in 2023 or 2022 earned interest. Therefore, the Company is not subjected to interest risk.

41. Capital Management

Capital risk is the risk that the Group has insufficient capital resources to meet the minimum regulatory requirements in all jurisdictions where regulated activities are undertaken, to support its credit rating and to support its growth and strategic options.

a) Capital risk management

As for liquidity and market risks, the Assets & Liabilities Committee (ALCO) is responsible for ensuring the effective management of capital risk throughout the Group. Specific levels of authority and responsibility in relation to capital risk management have been assigned to the appropriate committees.

b) Externally imposed capital requirements

Companies within the Group are subject to regulatory requirements (on an entity and / or a consolidated basis) imposed by the PRA and / or the FCA. Such regulations include the requirement, at all times, to carry sufficient regulatory capital to meet the underlying capital requirements.

Capital risk is measured and monitored using limits set in relation to capital, all of which are calculated in accordance with relevant regulatory requirements.

The Group's regulatory capital consists solely of Common Equity Tier 1 (CET 1) capital which includes ordinary share capital, retained earnings, investment revaluation reserve and foreign currency translation reserve after deductions for goodwill, intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The Group's capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group's risk profile, regulatory and business needs. Capital forecasts are continually monitored against relevant internal target capital ratios to ensure they remain appropriate and consider risks to the plan including possible future regulatory changes.

The Group and its regulated trading subsidiary calculate those capital requirements on a daily basis and, using a traffic light warning system based on an internal buffer, reports to the Assets and Liabilities Committee, or, should the need arise, the Board.

The Group manages capital risk on an ongoing basis through other means such as:

- Stress testing: internal group-wide stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios arising from stressed macroeconomic conditions. Reverse stress testing is also performed to identify the extent of stress that could be survived before limits are breached.
- Risk mitigation: as part of the stress testing process, actions are identified that should be taken to mitigate the risks that could arise in the event of material adverse changes in the current economic and business environment.
- Senior management awareness and transparency: Capital management information is readily available at all times to support the Group's executive management's strategic and day-to-day business decision making, as may be required.

Full details of the capital adequacy requirements for each of the Group's regulated entities are provided in its Pillar 3 disclosures which can be found on the website of CAB Payments Holdings plc (www.cabpayments.com). The Pillar 3 disclosures are not audited.

c) Capital management in relation to the Company

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2022. The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of equity (called-up share capital, retained earnings and shareholder's funds as disclosed in Notes 27 and 29).

42. Classification of Financial Instruments

The carrying values of the financial assets and financial liabilities are summarised by category below:

	Consolidated	
Financial assets	**2023 £'000**	**(Restated) 2022 £'000**
Mandatorily measured at fair value through profit or loss		
Money market funds	518,764	209,486
Derivative financial instruments – foreign exchange related contracts	3,829	6,567
	522,593	**216,053**
Measured at amortised cost		
Cash and balances at central banks	528,396	607,358
Loans and advances on demand to banks	135,178	90,209
Other loans and advances to banks[1]	137,570	85,465
Other loans and advances to non-banks[1]	8,216	12,447
Investment in debt securities	353,028	414,061
Unsettled transactions[2]	8,417	16,071
Other assets (excluding non-financial assets)[2]	5,721	13,233
Accrued income	544	856
	1,177,070	**1,239,700**
Measured at fair value through other comprehensive income		
Investment in equity securities	495	488

1 The prior year balance has been restated. Refer to Note 13 for further details thereon.
2 The prior year balance has been restated. Refer to Note 18 for further details thereon.

Financial liabilities	Consolidated 2023 £'000	Consolidated 2022 £'000
Mandatorily measured at fair value through profit or loss		
Derivative financial instruments – foreign exchange related contracts	9,679	4,543
	9,679	**4,543**
Measured at amortised cost		
Client accounts	1,542,889	1,305,551
Unsettled transactions	20,081	25,782
Other liabilities (excluding non-financial liabilities)	6,223	9,051
Lease liabilities	884	1,281
Accruals	**18,367**	**19,364**
	1,588,444	**1,361,029**

Financial assets measured at amortised cost	Company 2023 £'000	Company 2022 £'000
Other assets	773	–
Intercompany receivables	4,239	–
	5,012	**–**

Financial liabilities measured at amortised cost	Company 2023 £'000	Company 2022 £'000
Intercompany payables[1]	19,406	1,198
Other Liabilities	422	321
	19,828	**1,519**

[1] Intercompany payables are balances borrowed by the Company from a subsidiary company to be used in its operation.

There were no loss allowances recognised for the Company's financial assets as the carrying amount is insignificant.

The Company had no financial assets valued at fair value through profit and loss as at 31 December 2023 and 31 December 2022.

43. Fair Value Measurements

a) Fair value methodology

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases, management estimate unobservable market inputs within the valuation model. There is no standard model and different assumptions would generate different results. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments that are measured at fair value into the three levels of fair value hierarchy explained further below, based on the lowest level input that is significant to the entire measurement of the instrument.

b) Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivative financial instruments) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value such an instrument are observable, the instrument is included in level 2.

Fair values of derivative financial instruments (foreign exchange contracts), money market funds, investment in equity securities and investment in debt securities are included in level 2.

Money market funds and exchange traded funds are valued at fair value based on the price a willing buyer would pay for the asset. Any gain or loss is taken through the profit and loss account. The money market funds include contractual terms such that they are traded at par until the total market value of the underlying instruments deviates from that par value by a certain amount (typically 20bps). The funds have each traded at par at all times since the initial investment by the Group.

The fair value of the Group's investment in debt securities is determined by using discounted cash flow models that use market interest rates as at the end of the period.

Level 3 – Unobservable inputs for the asset or liability

Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3.

There were no transfers between fair value hierarchy level during the year (2022: nil). There were no changes in valuation techniques used during the year (2022: nil)

c) Financial assets and liabilities through FVTPL and FVTOCI are categorised at Level 2 Fair value hierarchy

Financial assets and financial liabilities at fair value through profit or loss	Valuation techniques	Inputs (including any significant unobservable inputs)
Derivative financial assets	The Mark-to-Market (''MTM'') calculation for foreign currency forwards is performed within Core Banking System (''CBS'') based on market inputs pulled from Reuters at the end of each trading day. CBS applies a straight-line interpolation calculation to derive the requisite forward points for each currency based on the maturity date of the transaction – these points are added to the spot rate to derive a revaluation rate.	Reuters quoted spot rates and forward points.
Money market funds	Net asset value based on the valuation of the underlying level 1 investments.	Quoted market prices but not for identical assets.
Investment in equity securities	In order to undertake its business, the Group utilises the Swift payment system, the conditions of which oblige participants to invest in the shares of Swift, in proportion to participants' financial contributions to Swift.	The fair value is calculated annually based on price received from Swift and is approved annually at reporting period.
Derivative financial liabilities	The MTM calculation for FX Forwards is performed within CBS based on market inputs pulled from Reuters at the end of each trading day. CBS applies a straight-line interpolation calculation to derive the requisite forward points for each currency based on the maturity date of the transaction – these points are added to the spot rate to derive a revaluation rate.	Reuters quoted spot rates and forward points.

d) Financial assets and financial liabilities at fair value through profit or loss

Forward foreign exchange contracts have been transacted to economically hedge assets and liabilities in foreign currencies with movements recognised at fair value through profit or loss.

The gains, losses, and changes in fair values of financial assets at fair value through profit or loss recorded in the consolidated statement of profit or loss and other comprehensive income is as follows:

	Consolidated	
	2023 £'000	**2022 £'000**
Revaluation of money market funds	–	–
Fair value gain or loss on forward foreign exchange contracts[1]	88,417	63,352
	88,417	**63,352**

1 The (loss) / gain on the FX contracts typically offsets the gain / loss of a similar magnitude following the revaluation of non GBP denominated assets / liabilities on the statement of financial position throughout the year.

e) Fair values of financial assets that are measured at amortised cost

For the Group and the Company, apart from the fixed rate bonds, the carrying amounts of financial assets and liabilities measured at amortised cost are approximately the same as their fair values due to their short-term nature. The fair value of the fixed rate bonds is provided below.

f) Impairment and risk exposure

Information about the impairment of financial assets, their credit quality and the Group's exposure to credit risk can be found in the accounting policy note for financial instruments and Note 42.

g) Financial liabilities measured at amortised cost

For the Group and the Company, the carrying amounts of financial liabilities at amortised cost are approximately the same as their fair values due to their short-term nature.

h) Financial liabilities measured at fair value

The valuation levels of the financial assets and financial liabilities accounted for at fair value are as follows:

	Consolidated		
Asset /(Liability) Type – 2023	**Level 2 £'000**	**Stress**	**Sensitivity £'000**
Financial assets at fair value			
– Money market funds	518,764	1% increase in interest rates	(895)
– Derivative financial assets	3,829	£ exchange rate rise of 1%	(299)
– Investment in equity securities	495	Equity price +5%	24
Financial liabilities at fair value			
– Derivative financial liabilities	(9,679)	£ exchange ate rise of 1%	(3,390)
	513,409		**(4,560)**

Asset /(Liability) Type – 2023	Consolidated		
	Level 2 £'000	Stress	Sensitivity £'000
Financial assets at fair value			
– Money market funds	209,486	1% increase in interest rates	(107)
– Derivative financial assets	6,567	£ exchange rate rise of 1%	(3,098)
– Investment in equity securities	488	Equity price +5%	24
Financial liabilities at fair value			
– Derivative financial liabilities	(4,543)	£ exchange rate rise of 1%	
	211,998		**(1,093)**

These are all recurring fair value measurements. There were no financial assets classified as Level 1 and Level 3, and there were no movements between fair value levels.

i) Fair value and carrying amount of investment in debt securities

	Consolidated			
	2023 £'000		2022 £'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate bonds				
– US Treasury Bills (excluding accrued interest)	7,845	7,775	66,207	65,636
– Other fixed rate bonds (excluding accrued interest)	343,070	342,907	345,321	341,889
Accrued interest	2,113	2,113	2,533	2,533
	353,028	**352,795**	**414,061**	**410,058**

Note: The fair values of the fixed rate bonds are based on market quoted prices. They are classified as level 1 fair values in the fair value hierarchy due to the liquid nature of the bond holdings, having observable and transparent secondary market pricing.

44. Earnings Per Share

The calculation of the basic and diluted earnings per share at reporting date is based on the following data:

	Consolidated	
	Audited	Unaudited
Earnings /(losses) attributable to owners of the Group:	**2023 £'000**	**2022 £'000**
Continuing operations	22,866	31,068
Discontinued operations	(153)	(67)
	22,713	**31,001**

Weighted average number of ordinary shares	Year ended 31 December	
	Audited 2023 '000	Unaudited 2022[3] '000
Class A ordinary shares	68,000	68,000
Class B ordinary shares	5,913	5,913
– Class B ordinary shares at beginning of reporting date	10	10
– Class B share split[1] (Note 27)	5,903	5,903
Weighted average number of Class A and Class B ordinary shares	**73,913**	**73,913**
Add effect of redesignation of shares, share split and issuance of shares during the period		
Redesignation of Class A and Class B ordinary shares during the period	(73,913)	(73,913)
New class of ordinary shares issued during the period[1]	237,186	221,739
– Redesignation of class A and class B shares into new class of shares[1]	73,913	73,913
– New ordinary shares from share split (note 27)	147,826	147,826
– Issuance of additional new ordinary shares to former shareholders of CTH[2]	15,447	–
Weighted average number of ordinary shares for basic and diluted EPS	**237,186**	**221,739**

1 These shares are assumed to have been issued retrospectively and at the beginning of the periods presented as there was no change in resources on issuance thereof in line with IAS 33.28.
2 These shares were issued during the year (July 2023) to former external shareholders of CTH and have been weighted accordingly.
3 For comparability and consistent presentation, the weighted average number of ordinary shares for 2022 was determined on the same basis as the 2023 numbers except for the shares issued to minority shareholders of CTH which resulted in a change of resources.

	31 December	
	2023 pence	2022 pence
Basic and diluted earnings per share		
Continued operations	10	14
Discontinued operations	–	–
Total basic earnings per share attributable to owners of the Company	**10**	**14**

As required by IAS 33, the earnings per share calculation takes account of the share split which took place on 5 July 2023. The resulting number of shares has been included in the comparative calculation.

45. Consideration of Climate Change

Financial statement preparation includes the consideration of the impact of climate change on the consolidated financial statements. There has been no material impact identified on the financial reporting judgement and estimates. In particular, the directors considered the impact of climate change in respect of the:

- Going concern of the Group for a period of at least twelve months from the date of approval of the consolidated financial statements.
- Assessment of impairment of non-financial assets including goodwill.
- Carrying value and useful economic lives of property, plant and equipment.
- Fair value of financial assets and liabilities. These are generally based on market indicators which include the market's assessment of climate risk.
- Economic scenarios used for measurement of expected credit losses and the behavioural lifetime of assets against the expected time horizons of when climate risks may materialise.
- Forecasting of the Group's future UK taxable profits, which impacts deferred tax recognition.
- Impact on debtors within the next twelve month (stage 1) or lifetime (stage 2 and stage 3 facilities), for impact on the related ECL calculation.

Whilst there is currently no material short-term impact of climate change expected, the Group acknowledges the long-term nature of climate risk and continues to monitor and assess climate risks.

46. Events after the reporting period

a) London Bridge lease

The Group completed on a lease agreement for office space at 3 London Bridge, SE1 9SG, London on 25 January 2024. Right of use of asset balance and a lease liability balance will be recognised on the consolidated statement of financial position 2024 and interest expense and depreciation will be recognised on the consolidated statement of profit or loss and other comprehensive income from 2024 onwards. The Group has committed to the following undiscounted lease payments:

	2023 £'000	**2022 £'000**
Not later than one year	–	–
Later than one year and not later than five years	8,345	–
Later than five years	15,513	–
	23,858	**–**

There are no other events after the reporting period requiring disclosure or further adjustments to the financial information.

47. Board Approval

The consolidated financial statements, together with the Company Financial Statements, for the year ended 31 December 2023 were approved by the Board of Directors and authorised for issue on 25 March 2024.

Shareholder Information

Financial Calendar 2024

26 March 2024	Full year results
9 May 2024	AGM
30 June	Half year end
TBC September 2024	Half year results
31 December 2024	Financial year end
TBC March 2025	2024 Full year results

Ordinary Shares

The Company's ordinary shares are traded on the London Stock Exchange (ticker: CABP; ISIN: GB00BMCYKB41; SEDOL: BMCYKB4).

AGM

The Company's AGM will be held at 2.00pm on Thursday, 9 May 2024 at The News Building, 3 London Bridge Street, London SE1 9SG.

Company's Registrar

Enquiries concerning shareholdings, change of address or other particulars should be directed in the first instance to the Company's registrar, Equiniti, on 0371 384 2126 from the UK or, if calling from overseas, +44 (0)121 415 7047. Equiniti also provides a range of online shareholder information services at www.shareview.co.uk, where shareholders can check their holdings and find practical help on transferring shares or updating their details.

Shareholder Security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports about the Company.

Details of any share dealing facilities that the Company endorses will be included in the Company's mailings or on our website. More detailed information can be found at www.fca.org.uk/consumers

Alternative Performance Measures

CAB Payments uses alternative performance measures (“APMs”) when presenting its financial results. Management believe these provide stakeholders with additional useful information to interpret the underlying performance of the business. They are used by the Directors and management to monitor performance.

APMs used within this Annual Report are supplemental to, but not a substitute for IFRS measures presented within the Financial Statements. They may not be comparable with the APMs of other companies.

Alternative Performance Measure	How the metric is used	Calculation Definition	Calculation
Gross Income or Income	As a fast-growing organisation, the Group’s focus is on driving income growth through controlled investment, whether as capital expenditure or through operating costs.	Total income, net of interest expense.	Consolidated statement of profit or loss
EBITDA	The key measure of profitability used internally at Executive Committees and Board and with externally with investors.	Calculated as Profit before Tax and IFRS16 lease liability interest, depreciation and amortisation. Although it is typical to calculate EBITDA before interest, our net interest income is generated from operational client deposits and subsequent re-investment to generate returns for the shareholder and therefore remains included within EBITDA.	Note 3: segmental reporting note
Adjusted EBITDA	The Group believes that Adjusted EBITDA is a useful measure for investors because it is closely tracked by management to evaluate Group’s performance for making financial, strategic and operating decisions, as well as aiding investors to understand and evaluate the underlying trends in the Group’s performance period on period, in a comparable manner.	EBITDA before non-recurring operating expenses.	Note 3: segmental reporting note
Adjusted EBITDA Margin	A measure of profitability, by understanding how much of the income is converted to profit.	Adjusted EBITDA as a percentage of Gross Income	See Table 1
Operating Free Cash Flow	Measure of cash flow generated by the business. It is a non-statutory measure used by the Board and the senior management team to measure the ability of the Group to support future business expansion, distributions or financing.	Adjusted EBITDA before the cost of purchasing property, plant and equipment, the cost of intangible asset additions and the cost of lease payments.	See Table 2
Operating Free Cash Flow Conversion	A measure used by the Group to understand how much of the Group’s profitability (measured as adjusted EBITDA), is converted to available capital for future business growth.	Free cash flow as a percentage of Adjusted EBITDA	See Table 2
Wholesale FX and Payment FX income	Wholesale FX and Payment FX Income is measured collectively by Group as the underlying economic drivers are the same. The income, volume and margins are all measured and monitored, along with the underlying currencies, to help the Group understand broader income performance. The reported figures represents the accumulative income from all trades undertaken during the year, where the income of a single transaction has been generated from the bid / ask spread and any associated payment fees if the Foreign Exchange is then forward to a 3rd party beneficiary.	Net foreign exchange gain	Consolidated statement of profit or loss
Alternative Interest Income	Group measures and monitors net interest income by its underlying commercial driver, which enables evaluation of performance in consideration of return on capital deployed and product profitability.	This is done by capturing interest income by source and spreading the interest expense through an internal transfer pricing mechanism	See table 3

Table 1:

Adjusted EBITDA margin	reference		2023	2022
			£'000	£'000
Adjusted EBITDA	Note 3 (ii)	A	64,633	54,983
Gross Income (defined as Total Income, net of interest expense)	Consolidated statement of Profit or Loss	B	137,068	109,435
Adjusted EBITDA margin		A / B	47%	50%

Table 2:

Operating Free Cash Flow:	reference		2023	2022
			£'000	£'000
Adjusted EBITDA	Note 3 (ii)	A	64,633	54,983
Less: additions of tangible fixed assets	Note 19		(422)	(355)
Less: additions of intangible fixed assets	Note 21		(6,982)	(4,538)
Less: cash payments made on property leases	Note 20 B		(462)	(252)
Operating Free Cash Flow		B	56,767	49,838
Operating Free Cash Flow Conversion		B / A	88%	91%

Table 3:

Alternative Interest Income:	reference		2023	2022
			£'000	£'000
Net Interest Income	Consolidated statement of profit or loss		21,499	6,773
Gains on money market funds	Consolidated statement of profit or loss		11,036	3,584
Net gain on financial assets and financial liabilities mandatorily held at fair value through profit or loss	Consolidated statement of profit or loss		1,232	1,009
Total			**33,767**	**11,366**
NII from Cash Management			31,711	10,065
Trade Finance NII			1,571	1,193
Liquidity as a Service NII			485	108
Total			**33,767**	**11,366**

Glossary

In the Annual Report and Accounts, the "Group" or "CAB Payments" refers to CAB Payments Holdings plc and its subsidiaries, the "Company" or "CPH" refers to CAB Payments Holdings plc, "CAB" refers to Crown Agents Bank Limited and "CTH" refers to CAB Tech HoldCo Limited, a 100% subsidiary of the Company.

The following definitions apply throughout this document unless the context requires otherwise:

Active Client	A client that has generated income within the last 12 months
Addressable Market	the market addressable by the Group, comprising primarily developed to emerging markets flows, excluding non-LCU flows and non-focus geographies
Admission	The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange on 11 July 2023
AML/CTF laws	laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and adherence to anti-money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries
APAC	Asia Pacific Region
API	the Group's EMpower FX application programming interface
APM	Alternative Performance Measures as defined on pages 106 to 107
B2B	Business to Business
Banking Services	one of the Group's three business lines
BEIS	Department for Business, Energy & Industrial Strategy
BN	a billion, ie 1,000 million
BRICS	BRICS is an intergovernmental organisation comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and the United Arab Emirates.
CAB	Crown Agents Bank Limited, a regulated subsidiary of the Group
CAGR	Compound Annual Growth Rate
CAIM	Crown Agents Investment Management Limited a wholly owned subsidiary of the Company until it was sold on 31 March 2023
CAPEX	Expenditures made for goods or services that are recorded on a company's balance sheet
CBS	Core Banking System, the Group's banking software
CCY	Currency
CD	Certificate of deposits
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CHIPS	Clearing House Interbank Payments System
CRD IV	Capital Requirements Directive IV
CRR	the Capital Requirements Regulation (Regulation (EU) 575/2013)
CTO	Chief Technology Officer
currency corridor	specific combinations of sending currency and receiving currency pairs, or, in some cases, country combinations
DEFRA	Department for Environment, Food & Rural Affairs
EAD	Exposure at default
EBT	Employee benefit trust
ECL	Expected Credit Loss
EIR	Effective interest rate
EMFI	Emerging Market Financial Institutions
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
EU	European Union

EVP	Corporate title: Executive Vice President
FCA	Financial Conduct Authority
FDI	Foreign Direct Investment
FinTech	Financial Technology
FIT	Forward-in-time
FTEs	Full Time Employees, including temporary contractors and consultants filling in for permanent
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FX	Foreign Exchange. When referring to the Group's services, it refers to one of the Group's business lines, including the Group's spot foreign exchange trading services
G10	Belgium, Canada, France, Italy, Japan, the Netherlands, the United Kingdom, and the United States, Switzerland and the central banks of Germany and Sweden
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GUI	the Group's EMpower FX graphical user interface
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IDO	International Development Organisation
IFRS	UK-adopted international accounting standards
ILAAP	Internal Liquidity Adequacy Assessment Process
Indirect Nostro	a bank account held by CAB with another bank who then relies on a domestic bank denominated in a foreign currency
IPO	Initial Public Offering
IRRBB	Interest rate risk in the banking book
JCF	JCF Nominees Limited, a wholly owned subsidiary of the Company until it was sold on 31 March 2023
KPI	Key Performance Indicator
KYC	Know Your Customer
LATAM	Latin America region
LCR	Liquidity Coverage Ratio
LGD	Loss given Default
Local Bank Account Network	demand accounts in the Group's name held with various local banks across the globe which provide the Group with direct access to local currency where it has such deposits
LTIP	Long term incentive plan
LSE	London Stock Exchange
MENA	Middle East and North Africa
MMB	Major Market Banks
MN	a Million
MTM	Mark to market
NBFI	Non-Bank Financial Institution
NCI	Non-controlling interest
netting	the practice of using funds received from one customer to fulfil an order in that same currency from another customer in order to capture both bid and ask spreads on the transaction
NGO	Non-Governmental Organisation
Non-LCU	non-local currency, cross border payments that take place with no FX transaction
Nostro	A bank account held by CAB in another country, denominated in a foreign currency
NRR	Net revenue retention
NSFR	Net Stable Funding Ratio

OCI	Other comprehensive income
OECD countries	the 38 member countries of the Organisation for Economic Co-operation and Development
OLAR	Overall Liquidity Adequacy rule
Payments	one of the Group’s three business lines
PD	Probability of default
PLC	Public Limited Company
PPE	Property plant and equipment
PRA	Prudential Regulation Authority
RAS	Risk Appetite Statement
Registrar	Equiniti Limited
Reorganisation	Certain steps taken by the group prior to Admission as part of a reorganisation of its corporate structure, which resulted in all shareholders of CTH (other than the Company) exchanging shares in CTH for Ordinary Shares in the Company
Revenue	When referring to the Group’s financial results means “revenue, net of interest expense”
ROU	Right of use
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goals
SEC	US Securities and Exchange Commission
SECR	Streamlined Energy and Carbon Reporting
SPPI	Solely Payment of Principal and Interest principle under IFRS 9
Supranational	An international organisation with powers or influence that transcend national boundaries or governments
SVP	Corporate Title: Senior Vice President
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TAM	Target Addressable Market
TCFD	Task Force on Climate-related Financial Disclosures
TL	Tolerance Limits
Take Rate	a combination of the dealing profit (i.e. the spread between any buy / sell of two FX trades undertaken), the margin added to the transaction (i.e. the fee element agreed with the customer for the transaction), and any additional fees charged; and the take rate is calculated as FX and cross-currency payments income divided by FX and cross currency payments volumes
Target Market	the Group’s core market today, which excludes large transactions (over $50 million transaction size) as well as China, India and the above-mentioned free format flows (including sanctioned markets)
Target Market Assessment	the approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels
total income	when referring to the Group’s financial results means “total income, net of interest expense”
TN	Trillion
TPP	Third Party Currency Provider
TTC	Through-the-cycle
UKLA	United Kingdom Listing Authority
VP	Corporate Title: Vice President

Currency abbreviations

BDT	Bangladeshi Taka
DKK	Danish Krone
EUR	Euro
GBP	British Pound Sterling
GHS	Ghanaian cedi
KES	Kenyan Shilling
MWK	Malawian Kwacha
NGN	Nigerian Naira
SDG	Sudanese Pound
UGX	Ugandan Shilling
USD	United States Dollar
XAF	Central African Franc: Currency of six independent states in Central Africa: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon
XOF	West African Franc: Currency used by eight independent states in West Africa: Benin, Burkino Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo

Contact Detail

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CAB Payments Holdings PLC is the holding company for **Crown Agents Bank**, a trusted payments processing and foreign exchange brand.

They specialize in business-to-business cross-border payments and foreign exchange, particularly in hard-to-reach markets[1].

The company's **Legal Entity Identifier (LEI)** is **8945007OZHZDN4LW1G21**