



iFAST Global Bank Limited

Annual Report 2023



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Throughout the Annual Report, reference to, "iGB", "the Bank" or iFAST is deemed to refer to iFAST Global Bank Limited. iFAST Global Bank Limited is trading under the name "iFAST Global Bank", "iGB" and "EzRemit".

Directors, Officers and Professional Advisers

Board of Directors

Peter Stuart Hinson	Chairman
Russell Saunders	Senior Independent Non-Executive Director
Andrew Graham	Independent Non-Executive Director
Anthony Wagerman	Independent Non-Executive Director
Derek Daniel O’Herlihy	Independent Non-Executive Director
Chung Chun Lim	Non-Executive Director
Vincent Tong	Non-Executive Director (resigned 1 February 2024)
Mujahid Malik	Chief Executive Officer
Inayat Kashif	Chief Technology Officer (appointed 1 February 2024)

Executive Management

Mujahid Malik	Chief Executive Officer
Ian Warren	Chief Financial Officer
Chuan Yong Goh	Chief Risk Officer
Inayat Kashif	Chief Technology Officer
Sukesh Khandelwal	General Manager - EzRemit
Simon Lee	General Manager - DPB
Mark Garrity	General Manager - DTB

Independent Auditor

MHA
6th Floor, 2 London Wall Place
London
EC2Y 5AU

Company Secretary

Elemental Company Secretary Limited
27 Old Gloucester Street
London
WC1N 3AX

Registered Address

Company Registration Number: 04797759
South Quay Building
9th Floor
77 Marsh Wall
London E14 9SH
United Kingdom

Chairman's statement

We have remained focused and delivered successful outcomes to lead the Bank to growth during a period of political and economic volatility.



2023 marked the first full year of the Bank as part of IFAST Corporation Ltd. We completed integration with our Parent and also developed and launched a number of new exciting products. We received a further capital injection of £10m, leaving us in a strong capital position, allowing us to accelerate our growth.

It was a year of continuing global financial turbulence with the continuing war in Ukraine, the cost of living crisis and the increase in interest rates worldwide. The global financial community is continuing to embrace the evolution of digital banking and we believe that this is a strong environment to introduce our new product suite.

We continue to build the IT platforms utilising our Parent's fintech capabilities to provide new services to our customers and we believe we are well equipped to deliver the Bank of England's programme for a renewed Real Time Gross Settlement service.

Following the additional capital injection our balance sheet more than doubled to £290m (2022: £120m) and continues to remain highly liquid, reflecting the nature of our products and services. After accounting for central costs, the loss for the year was £5.7m (2022: £11.9m). In the long term, we believe the Bank has a clear path to delivering its forecast returns.

Our principal points of focus remain:

- Innovation in our customer offerings with enhancements to our digital platforms; and
- Maintaining strong Governance, Compliance and Risk Management Frameworks.

We continue to seek to integrate Environment, Social and Governance framework into our financing and investment activities and continue to adopt a carefully balanced approach between positive customer outcomes and profitability. In tandem with this, we will prioritise investment in our operational and financial resilience.

We have also recently completed our Board Effectiveness Review and will continue to make improvements in performance and engagement across all of our committees.

There is a genuine excitement and energy across the whole IFAST Organisation and I would like to thank the staff for their contribution to making the Bank a genuinely attractive proposition to the Global Digital Business and Investment Community.

Peter Stuart Hinson
Chairman
23 April 2024

Chief Executive's Review

The Bank has now established the technical and product platforms to enable us to significantly drive revenue streams and profitability.



Overview

2023 was a transformative year for the Bank. Along with the completion of the integration of our systems within the iFAST Group ecosystem, we were successful in launching two new business units in the year.

- Digital Transaction Banking (DTB) providing transactional banking services to Non-Bank Financial Institutions (NBFIS's), other banks and corporate customers utilising the Bank's CHAPS and Faster Payment infrastructure.
- Digital Personal Banking (DPB) offering deposit and savings products to global offshore customers.

We continued to work closely with our parent company, iFAST Corporation Ltd, a global digital banking and wealth management platform with an established history of growth. Today, the wider iFAST Group employs more than 1,000 people in 5 countries: Singapore, Hong Kong, Malaysia, China and the United Kingdom, with assets under administration of S\$20b (£12b).

We are now entering the next phase of our banking proposition, scaling the business units established in the past year, setting our sights on accelerating growth with a focus on expansion of our customer base. We continue to develop and enhance the technology platforms and the skill set of our work force, to deliver the targets set out in our ambitious 3-year plan.

The total assets in the balance sheet at the year end increased to £290m (2022: £120m) mainly due to customer deposits taken through our new business units. Our balance sheet comprises of short-term assets supported by comparatively longer-term liabilities and we are therefore able to manage liquidity efficiently with consequent benefits to income.

Our historic business of providing money transmission services through our remittance business continues to generate positive results. The business model primarily transmits funds from expatriate workforce in the Middle East, for remitting to their home countries. This has become a very competitive market in recent years, and we are looking to expand into new corridors.

We received a further equity capital injection of £10m during the year, completing our current capital management programme. We understand that further capital injection would be forthcoming to ensure our regulatory capital is adequate to support the growth of the Bank.

Strategy & direction

The business, comprising of three distinct business units and a varied product mix assures a sustainable model for Bank with a good mixture of diversity in sources of income between commission and fee income and NIM, distinct geographical presence and market sectors – all leading to the enhancement of the Bank's financial resilience.

While the main focus is expansion of our products and services within new business lines DTB and DPB, we remain steadfastly in support of our customers needing to send money overseas through our EzRemit remittance business.

We continue our support and look to upgrade the IT platform to be able to offer long term sustainability and enhancement to products for our customers.

Outlook

We are pleased with what we have achieved to date, and with further capital injection, we entered 2024 with confidence that it will be a year of accelerated growth for the Bank.

2023 was a year of strategic building of technology platforms. In 2024, looking ahead our priorities are very clear and we expect to see the growth and development of the Bank as per our 3-year growth plan. We are now in a position to deliver valuable, differentiated propositions and products to our customers.

I assure you that we will remain focused on establishing a sustainable and well risk managed bank in which customers, employees and shareholders can all take pride.

Mujahid Malik
Chief Executive Officer
23 April 2024

Business Model and Financial Performance

I. Business Model

The Bank's Business Model essentially incorporates three core business lines:

1. **Digital Transaction Banking (DTB)**
Providing transactional banking services to Non-Bank Financial Institutions (NBFIs), Corporates and Banks.
2. **Digital Personal Banking (DPB)**
Personal banking services to global customers including current accounts and deposits.
3. **EzRemit**
Platform for money transfer and foreign exchange services for customers.

Our primary Strategic Objectives are:

- Provide global connectivity to customers while upholding our values: Integrity, Innovation and Transparency.
- Grow new businesses (DTB & DPB) to strengthen financial and operational resilience, capital and liquidity position.
- Continue to deliver growth in our EzRemit remittance business.

II. Financial Performance

The Bank continues to achieve sustainable levels of trading performance and invest in the central functions; Risk, Compliance, IT & Information Security, Operations and Finance to support its business lines.

In 2023, the recurring profits excluding central costs for the year were £1.6m (2022: losses £0.8m).

Continuing and discontinued activities**	2023	2023	2022	2022
	Results excluding Central costs	Results including Central costs	Results excluding Central costs	Results including Central costs
	£'000	£'000	£'000	£'000
Net interest income	6,258	6,258	607	607
Net interest expense	(4,713)	(4,713)	(722)	(722)
Net interest income/(expense)	1,545	1,545	(115)	(115)
Fee and commission income	5,123	5,123	4,963	4,963
Fee and commission (expense)	(1,305)	(1,305)	(1,510)	(1,510)
Net fee and commission income	3,818	3,818	3,453	3,453
Net trading profit on foreign exchange	2,036	2,036	3,673	3,673
Fair value gain/(loss) on derivatives	274	274	(178)	(178)
Other operating income	-	-	(192)	17
Allowance for impairment loss	(119)	(119)	(109)	(109)
Net Operating income	7,554	7,554	6,641	6,850
Depreciation and amortisation	(335)	(335)	(535)	(535)
Other operating expenses – Business	(4,651)	(4,651)	(6,708)	(6,708)
Other operating expenses - Central costs*	-	(7,553)	-	(11,266)
Net foreign exchange gain	(1,012)	(725)	(209)	(209)
Total operating expenses	(5,998)	(13,264)	(7,452)	(18,718)
Profit/(Loss) for the year	1,556	(5,710)	(811)	(11,868)

*includes intangible asset write off of £3,869 in 2022

** the income statement combines continuing and discontinued activities of the bank together

Net Operating Income for the year increased by 10% to £7.6m (2022: £6.8m), attributable to the following:

- Fee and Commission Income increased by 3% to £5.1m (2022: £5.0m), mainly due to consistent performance from EzRemit business and new fee income from Digital Transaction Banking business. Fee and Commission Expense decreased by 14% to £1.3m (2022: £1.5m) due to closure of Wholesale Currency Services (WCS) Business.
- Net interest income grew significantly from a net expense of £115k in 2022 to net income of £1.5m in 2023. Key drivers being launch of two new business units, establishment of debt securities portfolio and a rising interest rate environment. Interest income increased by 931% to £6.3m (2022: £0.6m) and interest expense increased by 553% to £4.7m (2022: £0.7m).
- Trading profit on foreign exchange decreased by 45% to £2.0m (2022: £3.7m) due to closure of WCS business.
- Total Operating Expenditure (excluding central) in the year decreased by 31% to £4.6m (2022: £6.7m) mainly due to prior year including costs associated with disposal of two business units.

Total Assets at the year-end were £289m (2022: £120m) the increase represents additional deposits of £161m, capital injections of £10m, less losses of £5.7m for the year. The assets are comprised of primarily cash of £179m (2022: £75m) and debt instruments of £82m (2022: £29m).

Review by business lines

DIGITAL PERSONAL BANKING

Banking without boundaries

DPB is a global retail product offering launched in April 2023. DPB currently offers multi-currency deposit products, foreign exchange conversation and payments functionality. DPB had a successful year, reaching deposits of over £50m by 31 December 2023 from a global customer base. Deposit growth and customers numbers are expected to accelerate in 2024 as the business unit adds functionality for its customers and targets specific markets for expansion.

The Bank generates income through DPB by deploying deposits into debt securities and cash products.

DIGITAL TRANSACTION BANKING (DTB)

Strength of payment infrastructure

DTB launched at the end of 2022 and provides safeguarding and operating accounts, payment facilities and other banking services to Non-Banking Financial Institutions (NBFIs), Wealth Managers, Asset Managers and other financial services firms as well as Corporate and SME businesses.

DTB leverages off the Bank's direct memberships of Faster Payments Service (FPS) and CHAPS.

EZ-REMIT

Sustainable growth

The profit for the business unit decreased to £2.4m (2022: £3.1m). Although we were able to maintain the transaction volume the margins on transactions decreased, owing to competitive market conditions.

Going forward, the aims of the business are:

- Continue to grow volumes in the low risk payment space, whilst expansion into additional corridors.
- Maximise income opportunities from strong relationship with our existing partners, new digital and originating markets.

Closed business lines

In Q2 2022 the Bank sold all its UK branch network and exited the money remittance business in the UK. This previously formed part of the Consumer business unit now rebranded as Ez-Remit.

In Q3 2022 the Bank closed the majority of its Wholesale Currency Services business unit which was severely impacted by COVID and was loss making for several years. The business unit was fully closed in June 2023 and is shown as a discontinued activity in 2023.

Capital and Liquidity Position

Uplift to capital position during the year

Following capital injection of £10m in the year the total share capital of the Bank increased to £84.7m in the year (2022: £74.7m).

At 31 December 2023, the Bank's Total Tier 1 Capital ratio was 36% (2022: 42%) and a Leverage Ratio of 29% (2022: 47%). The Bank closely monitors its CET1 capital surplus to ensure that it operates within agreed tolerances, and maintains a 5-year forward projection to ensure that it operates with a surplus above the regulatory limits.

In the prior year on 28 March 2022 4,500,000 £1 shares were issued in exchange for the contingent capital note of the same value which was released and discharged.

From a liquidity perspective, the Bank has a Liquid Assets Buffer (LAB) of £163m (2022: £67m). The LAB principally comprises deposits held in the Bank of England Reserve Account and investments in Sovereign Bonds. The nature of the business ensures that the Bank continues to operate with a strong Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) that is well within regulatory minimums.

Risk and Governance

The Bank’s Board of Directors is responsible for the overall governance of the Bank. Good corporate governance underpins the integrity of the business and the wider stakeholders and communities in which it operates. The key objectives of the Board are to build and maintain a business that is profitable, sustainable, well capitalised and with sufficient liquidity to meet its obligations, which operates within an established framework of internal control, risk management and compliance, in accordance with regulatory requirements.

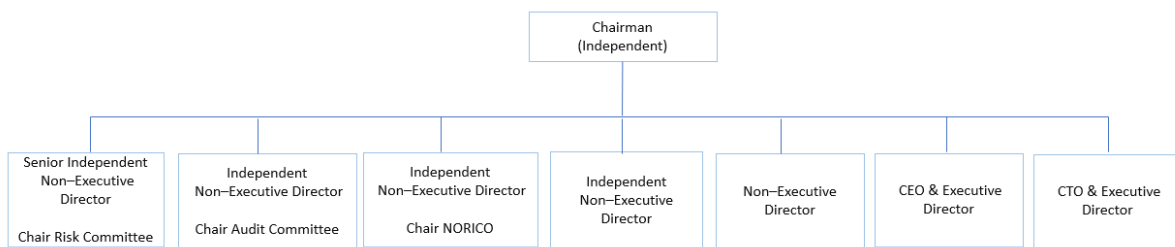
The primary responsibilities of the Board include:

- Setting the Bank’s strategy taking into account the interests of its stakeholders;
- Ensuring that the business has an effective system of internal control and management of business risks and is conducted in accordance with the FCA’s Principles for Business and the PRA’s Fundamental Rules;
- Monitoring financial information and reviewing the overall financial condition of the Bank and its position as a going concern;
- Reviewing major developments in business lines and support units;
- Reviewing the priorities for allocating capital and operating resources;
- Monitoring of compliance and reputational issues;
- Reviewing the market, credit & liquidity risks with additional oversight and control over capital management;
- Reviewing the application of stress tests and appropriateness of the Bank’s stress testing policy.

To assist the Board in discharging and overseeing their responsibilities, it has delegated certain responsibilities to Senior Management and Board-appointed committees, for which Terms of Reference are in place.

I. Board Composition and oversight

The Board of iFAST Global Bank Limited during the year comprises an Independent Chairman, five Non-Executive Directors (NEDs) of whom four are independent (INEDs), and two Executive Directors.



Each member of the Bank’s directorship contributes to the mix of relevant skills, shoulders specific individual duties and, as a component part of the Bank, collectively shares responsibility for control and governance of the Bank.

The Board members who held directorships at 31 December 2023 were:

Peter Stuart Hinson



Peter is the Chairman having joined as an independent Non-Executive Director in 2016.

He has spent 45 years in the Financial Services industry, mostly with Barclays Bank where he was Managing Director of Barclays Bank Cayman Islands and, previously, Director of the Knightsbridge International Banking Centre.

As a Board Member of Barclays Offshore Services, he played a key role in the merger with CIBC Offshore, based in the Caribbean, and in the flotation of the new entity on public markets. In 2002, after leaving Barclays, Peter set up a new bank in London, FBN Bank (UK) Ltd., which operated principally as a commodity and trade finance entity. As Managing Director, he was responsible for raising in excess of £1billion of funds and, over 13 years, FBNUK became one of the best performing banks in London in terms of Return on Equity.

Peter holds regulatory approval from the PRA/FCA for SMF9.

Chung Chun Lim



Chung Chun is the Chairman and CEO of iFAST Corp, a Fintech wealth management platform that combines Fintech solutions with the capabilities of a licenced financial institution to provide multi-product offerings. He co-founded the Company with the launch of its B2C division FundsUPERMART.com in Singapore in 2000, following which the B2B division iFAST Financial was launched in 2001. He subsequently led the Company's regional expansion efforts, extending iFAST's presence beyond Singapore to Hong Kong, Malaysia, China and UK, building a well-established Fintech ecosystem across the five markets.

He also led the Company to its successful listing on the SGX-ST Mainboard in December 2014. Before setting up iFAST Corp, he was the Head of Research at ING Barings Securities Pte. Ltd. Chung Chun graduated with a Bachelor of Engineering (Electrical) from the National University of Singapore and obtained a Diploma in Investment from the Institute of Banking and Finance.

Chung Chun holds SMF7, subject to approval by the PRA/FCA.

Russell Saunders



Russell is an Independent Non-Executive Director and Chairman of Board Risk Committee.

Russell has over 40 years experience in Retail and Commercial banking, Payments, Operations, Global Compliance and transformation. He has over 20 years' experience as a senior Bank executive with Lloyds Banking Group, working with global banks, market infrastructures and regulators.

More recently, in addition to executive responsibilities, has held Board Chair and Independent Director positions of Financial Institutions and Regulated Payments firms including The Bank of England's Cash Review, SWIFT SRL, Pay.UK and the Payment System Regulator. Russell is additionally an Advisor to senior leaders in the Public and Private sector

Russell holds regulatory approval from the PRA/FCA for SMF 10 and SMF 14.

Andrew Graham



Andrew is an Independent Non-Executive Director and Chairman of Board Audit Committee.

He has over 35 years of Financial Services and Technology business expertise. He has significant experience working at Board level and in dealing with all levels of investors.

Andrew is currently Chair of Marmalade Game Studio and VeroHR he is also a Non-Executive Director to Northern Gritstone. He was previously COO of Blippar, one of a small number of Technology "Unicorns" in Europe. He has also acted as a Trustee and Treasurer of MDUK a leading UK Charity from 2009-2019 and between 2011-15 was an Advisory Board member of NWBF, the largest regional investment fund in the UK.

Andrew's banking career has included a number of senior positions including European CFO at Bankers Trust, CFO for Deutsche Bank's European Investment Bank, Global COO for Wholesale Banking at ABN AMRO and EMEA COO for Bank of America. A qualified accountant, Andrew has a degree in Economics from Manchester University.

Andrew holds regulatory approval from the PRA/FCA for SMF11.

Anthony Wagerman



Anthony is an Independent Non-Executive Director and Chairman of Board Nominations, Remuneration and Governance Committee (NORICO).

He spent seventeen years in a variety of positions at Travelex, before becoming its Chief Executive Officer from 2015-2018. Travelex is the world's largest specialist foreign exchange company, operating across thirty countries.

During his time at Travelex he has worked across several senior functions and a number of different regions, helping to build Travelex into a global leader in foreign exchange for retail and corporate customers. He has held posts as Retail Director, Managing Director for Europe & Americas, and Deputy CEO. Prior to Travelex he held communications and marketing posts in a variety of companies, including Heron Corporation and a spell at Arthur D Little Management Consultants.

Anthony has a BSc (Hons) in Chemistry, and an MBA, from City, University of London. He is also a Trustee of the Dorfman Foundation.

Anthony holds regulatory approval from the PRA for SMF 12.

Derek Daniel O'Herlihy



Derek is an Independent Non-Executive Director. He has over 20 years' experience in Financial Services, having held CIO and Director appointments at Credit Suisse First Boston, TD Waterhouse Investor Services and Arab National Bank. He also served on the Board of EDS Financial Services (Ireland).

Prior to EDS, Derek worked in the Information Technology sector, covering a range of technical and management roles including IT Director for the Ministry of Electricity & Water, Kingdom of Bahrain and Managing Director of EDS Gulf States.

Derek graduated from Trinity College Dublin with a BA in mathematics.

Mujahid Malik



Muj is the Chief Executive Officer, an Executive Director and Chairman of the Executive Committee.

He is a fellow of the Institute of Chartered Accountant in England & Wales and has worked in Banking and financial services for over 25 years. He joined the Bank as CFO and played a critical role in getting the banking licence in 2017. From 2020 as Acting CEO he was instrumental in ensuring completion of the sale of Bank to iFAST Corporation and was appointed the CEO after completion of the change in control in March 2022.

Muj has held executive management positions at several global financial institutions including Dexia Bank, where he had the responsibility for strategic alignment of the UK bank to meet the group's objectives after the financial crises of 2008. Before that he spent over ten years in the Banking and Capital Markets team at Deloitte where he worked on a wide range of advisory assignments for banks. He has extensive expertise in leading business turnarounds, expansion programmes and management of finance and risk functions.

He holds regulatory approval from the PRA/FCA for SMF1 and SMF3, having formerly held approval for SMF2, CF28 and CF29.

Inayat Kashif



Inayat, serving as both Executive Director and Chief Technology Officer, has accumulated 16-year experience in the banking sector. Throughout his career, Inayat Kashif has implemented practical IT strategies in established and emerging technologies, offering a global perspective. In his role as CTO Inayat has tackled complex challenges, facilitated decision-making, and achieved exceptional outcomes across various domains including bank strategy, leadership, information technology, cyber security, project management, outsourcing, payments, product management, agile practices, and solution architecture.

Inayat holds master's degrees in both Computer Science and Business Administration. Before joining iFAST Global Bank, he gained extensive experience in the banking sector, having served in both the UK and Middle Eastern markets.

Within iFAST Global Bank, Inayat is instrumental in contributing to transformation, driving growth and navigating significant changes.

Furthermore, Inayat holds regulatory approval from the PRA and FCA for SMF24..

II. The Executive Management Team

The Board delegates specific powers and authorities to the various management committees for the main day-to-day decision-making authority of the Bank and to the CEO personally.

The CEO is responsible for establishing a clear and appropriate apportionment and allocation of significant responsibilities amongst the officers and managers, and for establishing and maintaining appropriate systems and controls such that the business can be adequately monitored. The core responsibilities of the Senior Management Team are as follows:

Chief Executive Officer (CEO). Overall responsibility for leadership of the Bank, including implementing the Board agreed strategy.

Chief Financial Officer (CFO). Responsible for Finance functions including management of Financial Resources, Planning, Reporting and Forecasting, Capital and Liquidity management and oversight of the Treasury function.

Chief Risk Officer (CRO). Responsible for defining the Bank's Risk Management Framework for effective governance of significant risks and providing oversight to the Money Laundering Reporting Officer (MLRO).

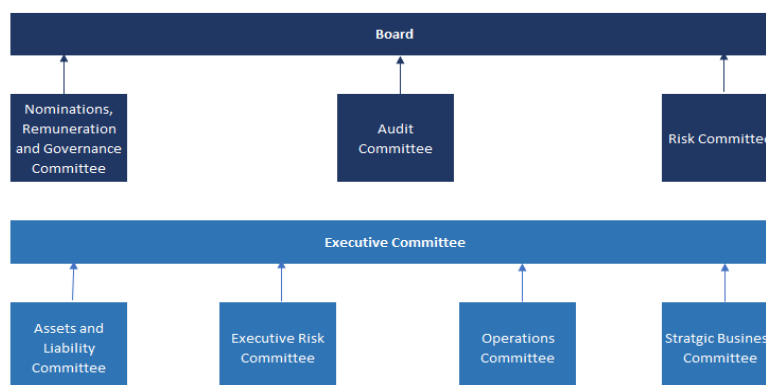
Chief Technology Officer (CTO). Responsible for all IT, development of new technology platform including Project Management.

General Managers of Business Units (GM). Responsible for developing and delivering the strategic plan to ensure revenue targets are met in each of the business divisions

The Bank's Corporate Governance framework clearly defines the roles, responsibilities and composition of the Board-approved persons and Senior Management through job descriptions, Terms of Reference and documented operating procedures. In selecting and appointing Directors, the Bank pays particular attention to the specific value they bring to the Board, based on skills, experience, behaviour and knowledge of the UK business and regulatory environment.

III. The Committee Structure

The Bank operates three Board level committees and three Management level committees as shown in the chart below.



The Board Risk Committee (BRC), Board Audit Committee (BAC) and the Nominations, Remuneration and Governance Committee (NORICO) are all sub-committees of the Board. The Board, in turn, delegates responsibility for the day-to-day management of the business to the Executive Committee (EXCO). Internal Audit is a separate function that reports independently to BAC and its Chairman who, in turn discusses the issues arising directly with the CEO and the CFO.

The Asset and Liability Committee (ALCO), the Executive Risk Committee (ERC), the Operations Committee (OpCo) and the Strategic Business Committee (SBC) are sub-committees of the Executive Committee (EXCO), chaired by members of the Senior Management Team, with each committee responsible for specific risks faced by the Bank.

IV. Risk Management Framework

The Bank manages its risk through a comprehensive framework of systems and internal controls, which are designed to identify, manage, monitor and report on risks that the Bank is exposed to. Through careful and regular review, this provides reasonable assurance against the risk of material events or losses.

The effectiveness of the internal controls is regularly reviewed by the Board, Audit Committee and Risk Committee. This involves receiving reports from management including reports from Finance, Risk, Compliance, Internal Audit and the business lines. The Audit Committee also receives reports on internal controls from the Bank's external auditor. Where recommendations are identified for improvements to controls, these are monitored by Internal Audit who report the progress made in implementing them to the Audit Committee.

Our Risk Management Framework (RMF) defines the Bank's overall approach risk management across all functions within the organisation. The RMF is the Bank's overarching performance document, to which all subsidiary risk policies and frameworks must align. The RMF is subject to Board approval, at least annually. The RMF describes the integration between strategy execution and risk management and ensures that the Bank continually executes strategy within its risk appetite.

The following principles guide the Bank's overall approach to risk management:

- The Board sets risk appetite and an appropriate "tone from the top" and leads by example with regard to risk management.
- Risk management is structured around the Bank's Principal Risk categories, which are updated at least annually as part of the RMF.
- The Bank maintains a robust Risk Appetite Framework, manages to an agreed risk appetite using an approved set of metrics, and reports to senior management at least monthly. The Board measures adherence to the Risk Appetite through a set of Key Risk Indicators. These are quantitative measures that are continually monitored to ensure they remain below a limit agreed and set by the Board.
- The Bank regularly undertakes stress tests to ensure that it remains resilient to shocks and sustainable as a bank, including during plausible but severely adverse economic and/ or idiosyncratic conditions.
- The approach to remuneration ensures that fair customer outcomes and prudent decision-making within risk appetite are incentivised.

The Bank ensures that appropriate policies and procedures are in place to ensure that all risks are properly identified, assessed, mitigated, monitored and reported.

The principal risks faced by the Bank along with their definitions are summarised in the table:

Key Risks	Definition
Strategic & Business Risk	Ensure that the Bank meets its budgetary targets and financial projections approved by the Board. The risk is influenced by numerous factors including inability to implement the strategic plan, lower than anticipated margins or volumes, competition and the overall market and economic conditions.
Capital	Ensure that Bank maintains sufficient regulatory capital levels at all times to support its business and maximise shareholders value while adhering to both external and internal capital requirements.
Liquidity	The Bank must maintain the liquid asset buffer of HQLAs to meet both its short-term liquidity requirements as well as long term structural funding needs, ensuring it meets its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress conditions.
Market Risk	Ensure that safeguarding measures are taken for any fluctuations in fair value or future cash flows of financial instruments due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Credit & Counterparty Risk	Take appropriate steps to avert the possibility of financial loss to the Bank if its customers or counterparties fail to discharge their contractual obligations. The risk arises principally from its short term nostro balances and trade receivables.
Financial Crime Risk	The Bank does not tolerate systemic weaknesses in its financial crime systems and controls or any breach of the legislative and regulatory framework.
Conduct Risk	The Bank has no appetite for deliberate or negligent actions that result in poor customer outcomes, resulting in reputational damage and/or financial loss. The bank has no appetite for any conduct rule breaches.
Regulatory Risk	The Bank has no appetite for non compliance with applicable laws, rules, regulations, standards and codes of conduct, leading to breaches of regulatory requirements, resulting in regulatory sanctions, material financial loss and or reputational damage.
Operational Risk	The Bank will ensure adequate systems and controls are in place to maintain an appropriate level of operational resilience and sufficient capacity across People, Processes and Technology to be able to deliver business services and allow the business to grow
IT & Information Security Risk	The Bank will operate its IT systems and data in a controlled and well managed environment with no appetite for data loss

Our Risk framework provides an integrated strategy and risk management approach, which places risk and specifically risk appetite, at the core of strategy execution.

Although risk appetite is the central pivot of the framework and methodology, the approach is essentially a strategic management methodology, not a risk management solution. The methodology begins with formulation of strategy, and in execution enables us to align risk-taking into our strategy to drive sustainable strategic execution.

Risk Appetite Statement

The Risk Appetite Statement (RAS) is a key component of the RMF and sets the approach the Bank takes to the risks it faces as a result of its strategy. It defines the risks and the limits at the highest level of aggregation and applies to the overall firm.



The RAS defines the path that the bank will take in pursuit of its strategic goals. Each identified risk within the firm, will have a defined appetite in terms of level of risk the Bank can and is prepared to accept in pursuit of its strategy. The appetite is multifaceted in terms of business exposure and translated through a set of key business drivers. It is the emphasis on risk appetite that makes this particularly appropriate for managing the Bank and its resources as it aims to accelerate growth. Bringing strategy and risk closer together is fundamentally important, but it is working with the parameters of appetite – the amount and type of risk that we are willing to take in pursuit of our strategic objectives – that will enable us to both operate the controls and inculcate the agility that are required as we grow.

Business Drivers

The most important component of our risk appetite is that of the business drivers. These are the vital few factors that are the key determinants of our success. When setting the risk appetite, the Board in conjunction with the executive team identify the drivers that are most vital to the organisation. These represent the fundamental drivers of value and are used as the base for establishing the risk appetite.

The Bank has defined the following as the key business drivers for the Bank:

- Capital
- Income
- Reputation
- Information Security
- Customer protection (antonym to detriment)
- Regulatory compliance

As part of the strategy formulation process, subjective statements such as “we are a low risk organisation” are translated into tangible values based on the identified business drivers. This enables a common understanding of risk to emerge at the Board and executive level. With a common definition of potential levels of risk-taking, the Board is then in a position to set the boundaries within which it expects the Bank to operate while we go about the business of strategy execution.

Our strategy formulation and strategy management is about developing a clear sense of direction as to where we are going, how much risk we are willing or required to accept to get there and what the key opportunities and threats are along the way.

Managing Risk

Risk management is all about understanding the risks the Bank faces in pursuit of its objectives and the continuous monitoring and management of those risks. It is also about understanding that risks can present opportunities as well as threats.

As with objectives, a broad set of risks are identified as part of the strategy management process and therefore within the set strategy discipline. These are then the basis for the executive team to define a set of key risks, which are monitored and managed to increase the probability that our objectives will be achieved.

The set of risks will be continually reviewed with a level of challenge to ensure that they really are the ‘key’ risks. Additionally, as the strategy is executed other risks are likely to emerge which also need to be monitored and managed, and ‘key’ risks may become non-key. A major part of the risk management process is the regular assessment of our risk to understand the level of risk that we are exposed to.

By paying close attention to, and integrating, the disciplines of Managing Performance and Managing Risk, we will gain significant clarity over and above that provided by a suite of objectives and of risks that have been defined in isolation from each other.

The end result is a much more focused and clearly defined strategic framework made up of the ‘vital few’ strategic objectives, risks and controls, supported by a clear more detailed operational framework made up of processes, initiatives, systems or people with each having their own set of specific risks or controls. This provides an important benefit of contributing towards the fashioning of a strategy-focused, risk-aware culture.

Aligning Risk with Strategy

A key component of operating within appetite is appetite alignment: the process of continually aligning current risk exposure to the defined appetite. This is about understanding if our current risk taking is aligned to our chosen business strategy, that is, are we operating within appetite. We use an appetite alignment matrix to do this.

V. Three Lines of Defence (“3LOD”)

Central to the risk management structure are roles and responsibilities within the 3LOD model. Each line of defence has specific responsibilities for risk management to achieve effective governance, risk management and assurance. In particular, there is a CRO role to head up the Second Line of Defence.

3LOD model - The risk management and risk governance framework to be established at the Bank is commensurate with the size and nature of its operations and adheres to the 3LOD model. This 3LOD approach ensures a clear delineation of responsibilities between control over day-to-day operations, risk oversight and control and independent assurance of its activities. The following diagram outlines the relationship between business and control functions.



This 3LOD model is important as it provides clarity for individuals and functions about their role, where responsibilities and accountabilities belong and is a core component of the Risk Management Framework (RMF).

The emphasis on the responsibilities of each line of defence is as follows:

1LOD – Business lines and centralised functions

- To run the business in a safe but profitable manner to enable sustainability – linked to the Risk Appetite Framework and Statements.
- To manage the risks in the business, to within the agreed tolerances or limits.
- To act in an “early warning” role in terms of ongoing client relationship management.
- Identify, measure, control and monitor risks within each area of the business, reporting and escalation of issues as necessary and to evidence control.
- As part of the controls, the 1LOD needs to implement and adhere to the mandates, policies and processes that are part of the control environment.
- Identify and assess new or emerging risks as internal activities or the external environment changes.

2LOD – Oversight functions (Risk, Compliance and Anti-Money Laundering (AML))

- To support a structured approach to risk management by implementing and maintaining a risk management framework (RMF) and firm-wide risk policies, and to monitor their proper execution in the 1LOD.
- To provide independent oversight and guidance on risks relevant to strategy and activities.
- Maintain an aggregate view of risk and monitoring performance in relation to risk appetite.
- Monitoring changes and compliance to external regulation and promoting best practices.
- To be the point of escalation and control and onward reporting to Board level committees and INEDs.

3LOD - Internal Audit

- To provide independent assurance to the Board via the BAC that the 1LOD and 2LOD are both effective and operative in discharging their responsibilities.

All 3LOD are responsible for supporting and developing a culture of risk awareness and to support each other in creating the best outcome for the Bank and its customers. All three lines have to continuously work together in a supportive, collaborative and open manner. The 3LOD model should not prevent co-ordinated effort in achieving objectives and tasks, but it is important to ensure there is a sufficient delineation and distinction when it comes to making risk-taking decisions on a day-to-day basis.

In this way, risk management responsibilities are understood at all levels, ownership and accountability is clear and control and oversight is established throughout the Bank.

At present, the Internal Audit function is outsourced, to an external Accountancy firm, with effective oversight by the Chair of the BAC.

VI. Control Environment

To ensure that the Board has effective assurance that the operations of the Bank are managed within risk appetite and to ensure that risks are appropriately monitored and mitigated, the following systems and controls are in place to supplement the overarching Governance arrangements:

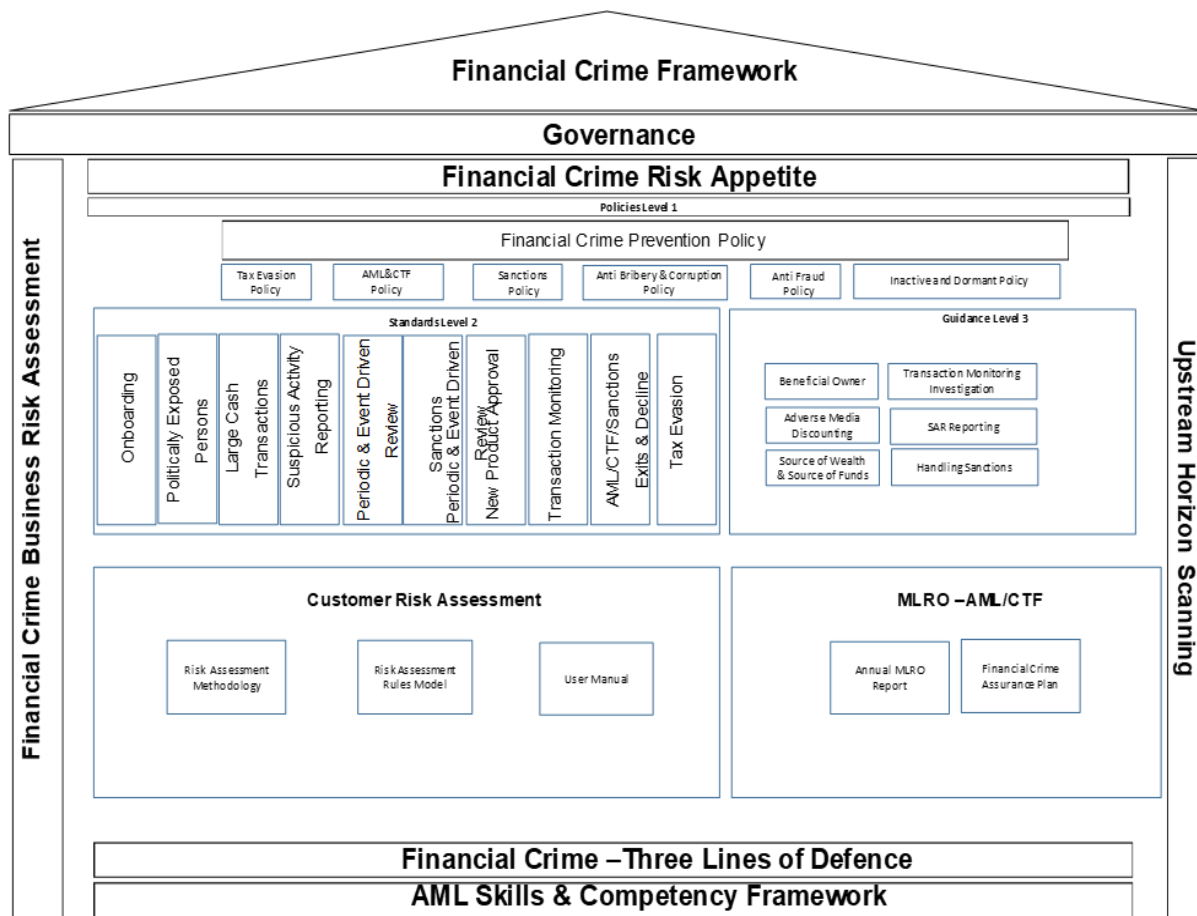
Compliance

The compliance function is responsible for ensuring that the Bank remains, at all times, in compliance with the PRA's and FCA's requirements and other relevant regulations to the operations of the Bank. This includes ensuring monitoring of any changes to the regulatory environment both in the context of ongoing compliance but also relative to the Bank's strategic goals. Practically, this involves the establishment and maintenance of effective systems and controls for compliance. The Framework covers Conduct and Regulatory risks and includes ensuring the Bank's policies and procedures are fit for purpose, compliance training for all staff and designing and executing on the compliance monitoring program.

Financial Crime

The financial crime function is responsible for ensuring that the Bank has effective, well-executed systems and controls in place to prevent money laundering, terrorist financing, bribery, corruption, tax evasion and fraud. A key focus of this area is effective due diligence of customers during the on-boarding phase, ongoing due diligence so that the Bank can assure adherence to agreed operating procedures and robust transaction monitoring.

The Financial Crime Framework is represented in the following schematic:



Internal Audit

The Audit Committee consists of three Independent Non-Executive Directors, assisted by a third-party supplier of appropriately skilled and experienced internal auditors (Grant Thornton).

The Internal Audit Strategy uses a risk-based approach that is designed to enhance the control environment whilst taking account of the nature and size of the Bank and the level of resources available to it. Specific attention is given to emerging risks and those areas where, given the nature of the bank's client base, it is considered most prudent.

Business Continuity and Disaster Recovery

The Bank has prepared a Business Continuity Plan (BCP) and a Disaster Recover (DR) plan that are fully consistent with the regulatory requirements and industry standards. These are designed to ensure that the bank is resilient to disruptive events and is able to absorb shocks, rather than contributing to them. We focus our business continuity drivers on operational resilience with the emphasis on maintaining customer and third-party services, with minimum disruption while the event is recovered from.

Culture and Values

The Board of Directors is responsible for defining the desired Culture of the Bank, setting the framework of Values and Behaviours within which it can evolve and thrive and ensuring effective Governance at all levels of the organisation.

Culture

Delivering effective cultural change remains a key priority for the Bank as it continues to evolve and grow. Management have always sought to balance the drive towards profitability with an equally rigorous focus on strengthening the Bank's capital position, improving operational resilience, enhancing the risk management framework and investing in key personnel in order to assure the long-term sustainability of the firm. These are the cornerstones, at every level, upon which the Bank is built and will remain constant.

Values

The Bank has defined its Values as follows:

- **Integrity:** We are committed to highest standards and operate in an open and honest manner in everyone's best interest. We work together to create a culture of respect and appreciation for all
- **Innovation:** We are passionate about understanding our customers and responding in a manner that will add value to meet their needs and thrive for continuous learning and development.
- **Transparency:** We work hard looking for ways to improve our operations through creativity and in a transparent manner, building a professional multi-cultural team to connect with our customers.

The extent to which Management has effectively embedded these values in operational policies and practices is monitored on an annual basis through the annual Performance Development Plan (PDR). The Bank also has a Grievance and Whistle Blowing policy to provide employees with a means by which to raise any individual concerns, especially regarding adherence to the Bank's Code of Business Conduct and Ethics.

Employees and Environment

Employees

The Board continues to be pleased with the commitment of employees and the culture in the Bank. Our employees, continue to work successfully in a hybrid working environment.

NORICO reports to the Board and plays an active role in promoting and challenging progress in establishing a truly diverse and inclusive culture at the Bank and carries out succession planning reviews to ensure continuity of skilled employees.

Environment

The Bank acknowledges and is focussed on effectively seeking to integrate Environment, Social and Governance Framework into its financing and investment activities and supports The Principles for Responsible Banking and Responsible Investment.

The Board has supported management's plan for addressing the requirements within the PRA's Supervisory Statement on 'Managing the Financial Risks from Climate Change', approving the allocation of responsibility for identifying and managing financial risks from climate change to the Chief Risk Officer. The Bank's ESG Policy reflects Climate Change and its impacts as a risk for the Bank. Additionally, the Bank has reflected ESG key risk indicators within its Risk Management Framework. The Board expects developments on climate change to evolve rapidly, seeing these as being consumer-led as opposed to being led by regulation.

Section 172 Statement

The Section 172 Statement explains how the Directors have acted to promote the Bank and its strategy in consideration of key stakeholders. The Directors have used their best endeavours to promote the success of the Bank and in doing so had considered, amongst others the following:

- Ensure the Bank maintains high standards of Governance, Compliance and Risk Management;
- Develop good relationships with customers, service providers and suppliers;
- Enhance the skills of its employees;
- Consequences of any strategic decisions;
- Develop the operation resilience of the Bank and its impact on the environment; and
- Act fairly and responsibly in dealings with all stakeholders of the Bank.

The Board meets regularly to review strategy, financial performance, operational performance and risks and compliance. It also engages directly with certain stakeholder groups when it determines that a decision would impact them significantly.

The Board provides direction to the management and provides guidance on overview of engagement with all stakeholders, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Bank's key stakeholders	Considerations of stakeholders in decision making
Customers	<p>The Bank's customers are its depositors, account holders and counterparties providing remittance services. The Bank's Business Model and Financial Performance takes into account and reports to customers.</p> <p>The Board recognises customers are at the heart of its business and has adopted a customer centric business approach. With the establishment of DPB and DTB the Bank has expanded its reach and customer numbers. Following the launch of the new business units in 2023 there has been focussed recruitment of customer services staff and key client relationship managers. The Bank is focussed on supporting its customers and providing excellent service across its businesses and functional units.</p> <p>We offer products and services to customers to enable them to grow and for the Bank to fulfil its financial objectives.</p>
People and environment	<p>The Employees of the Bank are key to its success and provide the knowledge, expertise and drive to grow the business. At this time of growth innovation has come to the front and is a key value of the Bank and its employees. The Culture and Values section of the Strategic Report discuss the Bank's values.</p> <p>Furthermore, the Board has produced and shared with its employees a Culture and Leadership Strategy, giving transparency to its approach and engaging with employees in this key area.</p> <p>Environmental impact and climate risk is a consideration in the Bank's risk management and operational activities. The Board approved an ESG Policy in the year which explicitly discussed climate risk and Banks' impact in this area.</p>

Regulators	The Bank has an open and transparent relationship with its regulators. Compliance with regulatory requirements which are set by the PRA and FCA is crucial for the Bank's continued operation. Risk and Governance form key parts of regulatory compliance and are explained further in that section.
Shareholder	<p>iFAST Group is the majority shareholder and participates in the board and development of new business opportunities for the Bank.</p> <p>The Bank relies on the Shareholder to provide capital to enable future growth, but its relationship is not limited to funding. The Bank actively utilises the iFAST ecosystem for the benefit of the Bank and the iFAST Group as a whole. A key example is the development of software for the Bank's digital channels and core systems which is through iFAST Group IT development teams, the software is developed by iFAST Group to the specification of the Bank. Other examples include bond research for debt securities which is supported by the Group and the Bank has operational resource in iFAST's Malaysia offices.</p>

More information on how the Board operates and the way it makes decisions is included in Risk and Governance section.

The Strategic Report on pages 1 to 22 was approved by the Board and signed on its behalf by:

Mujahid Malik
Chief Executive Officer
23 April 2024

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2023. IFAST Global Bank Limited is incorporated and domiciled in England & Wales, having its registered office in England and is authorised by the PRA and is regulated by the FCA and the PRA.

Further information regarding a review of the business, performance and risk management is disclosed in the Strategic Report.

Results

The statement of comprehensive income and the statement of financial position can be found on page 33 and 34 respectively. The directors do not recommend the payment of dividend for 2023 (2022: Nil).

During the year cash generated by capital was utilised to provide working capital to the business units and to enable growth in the Bank's balance sheet.

Future Developments

Following completion of the sale of the Bank to iFAST Group in 2022, a new strategic direction and the launch of new business units the Bank is actively enhancing its product and services offering and customer base to build on the strategic plan of the business. The Bank is investing in new IT platforms through software developed and supported by iFAST Group.

Going Concern Basis

The business activities together with the Bank's performance and position, the principal risks, uncertainties and factors likely to affect its future development are set out in Notes 28 to 33 as well as the Strategic Report.

In assessing all of the risks that could impact its strategic business model the risks associated with the normal course of business, the Bank has also considered, through its stress testing exercises, the potential impact of macro-economic factors such as higher interest rates and inflation as well as geopolitical tension and wars in Ukraine/Gaza.

The directors are not aware of any other material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern and therefore have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and the financial statements.

Risk Management

The Bank faces a number of risks including credit, market and operational risks. Although it recognises that the range of risks that it faces are broad and ever changing, the Bank ensures that appropriate processes are in place to ensure that risks are properly identified, assessed, mitigated and communicated.

Decision-making responsibility for risk management lies with the Board. This is cascaded down through the organisation by delegation of responsibility to the main committees and through individuals' documented responsibilities.

Risk management is discussed in more details in the Strategic Report.

Financial Instruments

The Bank uses financial instruments to manage certain types of risk, including liquidity and market risk. See Notes 28 to 33 on financial risk management.

Also, in accordance with IFRS 9 Financial Instruments the Bank assesses the requirements for impairment, recognition and measurement and accounts for loan loss impairments with a forward-looking expected credit loss (ECL) approach. An assessment of loan loss impairment at 31 December 2023 was carried out and is disclosed in Note 30 "Impairment of financial assets".

Political Donations

During the year no political contributions were made by the Bank (2022: Nil).

Post Balance Sheet Events

There are no events since the balance sheet that the directors believe need to be disclosed in the financial statements.

Directors

The directors who served the Bank during the year and at the date of approval of the financial statements were as follows:

Peter Stuart Hinson	Chairman
Russell Saunders	Senior Independent Non-Executive Director
Andrew Graham	Independent Non-Executive Director
Anthony Wagerman	Independent Non-Executive Director
Derek O’Herlihy	Independent Non-Executive Director
Chung Chun Lim	Non-Executive Director
Vincent Tong	Non-Executive Director (resigned 1 February 2024)
Mujahid Malik	Chief Executive Officer
Inayat Kashif	Chief Technology Officer (appointed 1 February 2024)

Directors’ interests

Chung Chun Lim is the Chairman and CEO of iFAST Corporation Limited, the ultimate parent of the Bank. He is co-founder of the Group, a Controlling Shareholder and the largest shareholder of the Company. His current interests and shareholding is disclosed in the financial statements of the ultimate parent, which is publicly available and listed on the Singapore Stock Exchange.

Directors’ indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during 2023 as the Bank maintains Directors’ & Officers’ Liability Insurance which gives appropriate cover for legal action brought against its directors.

Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Bank’s auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Bank’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Bank has a policy governing appointment of the external auditor for non-audit engagements, which allows monitoring of independence of the external auditor.

MHA have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be considered at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Mujahid Malik
Chief Executive Officer

23 April 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with the UK law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards ('UK adopted IFRS') and the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK adopted IFRS's have been followed, subject to any material departures disclosed and explained in the financial position statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Approved by the Board and signed by order of the Board

Mujahid Malik
Chief Executive Officer

23 April 2024

Independent auditor's report to the members of iFAST Global Bank Limited

For the purpose of this report, the terms “we” and “our” denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of iFAST Global Bank Limited. For the purposes of the table on pages 27 to 29 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA. The “Bank” is defined as iFAST Global Bank Limited. The relevant legislation governing the Bank is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements of iFast Global Bank Limited for the year ended 31 December 2023. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 1 to 36 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Bank's financial statements is applicable law and UK adopted International Accounting Standards reporting under International Financial Reporting Standards (UK adopted IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2023 and of the Bank's loss for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards reporting under International Financial Reporting Standards (IFRS); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Bank's operations and specifically its business model.
- The evaluation of how those risks might impact on the Bank's available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Bank's cash flow projections.
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	2023	2022	
Overall materiality	£347k	£329k	0.9% (2022: 0.9%) of the net assets
Key audit matters			
Recurring	<ul style="list-style-type: none"> Expected credit loss ("ECL") provisions - Impairment of financial assets including trade and other receivables and debt instruments at amortised cost. 		

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Expected credit loss ("ECL") provisions - Impairment of financial assets including trade and other receivables and debt instruments at amortised cost.**

Key audit matter description At 31 December 2023 the Bank had the following trade and other receivables, including a portfolio of financial assets carried at amortised cost:

Type of financial asset	2023		2022	
	Gross exposure (£'000)	ECL (£'000)	Gross exposure (£'000)	ECL (£'000)
Cash and cash equivalent	184,002	41	67,115	27
Debt instruments	58,376	205	29,541	106
Trade receivables	19,257	24	14,717	18

IFRS 9 requires these amounts to be presented in the financial statements net of an associated allowance for Expected Credit Loss ("ECL").

The determination of the ECL allowance requires the bank to make a number of highly complex, judgmental and highly sensitive assumptions that involve significant management estimation and judgement. The following areas have greater level of management judgement and estimations involved and therefore assessed as significant risk areas in the estimation of ECL.

- Model Estimation - Probability of Default ("PD") and Loss Given Default ("LGD")** – these are considered significant risk as these involve the use of assumptions and data to build and run the Probability of Default ("PD"), Loss Given Default (LGD). The Bank estimates PDs using Moody's RiskCalc / Credit Lens application which involves the input of both qualitative and quantitative factors which involves management judgment.
- Staging** – The allocation of financial assets to stage 1,2 or 3 on a timely basis in accordance with Bank's ECL policy and requirements of IFRS 9 directly affect the approach used to model ECL and also affect how interest is calculated for those assets;
- Determination of whether there has been a significant increase in credit risk ("SICR")** – The identification of whether there has been a significant increase in credit risk is a significant judgement which directly affects the Bank's ECL modelling for either 12 month or lifetime approaches;

- Use of multiple economic scenarios (“MES”) – MESs are a significant judgement due to the forward looking nature of scenario projections and estimation uncertainties involved in the assignment of weightings to the various scenarios.
- Adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or trends and risks not captured by the models. In model and post-model adjustments (IMAs and PMAs) are recognised to address the model data limitations which are inherently uncertain and significant management judgment are involved

How the scope of our audit responded to the key audit matter	<p>Controls testing - We evaluated the design and implementation of key controls across the processes relevant to the significant risk within ECL, including the judgments and estimates noted. These processes covered:</p> <ul style="list-style-type: none"> • the determination of credit risk and PDs from the Moody's Risk Calc for cash at bank, debt instruments and trade receivables • The extraction of the relevant data from the banks underlying systems and its inclusion in the appropriate elements of the ECL calculation. • the allocation of assets into stages, including management monitoring of stage effectiveness. • the generation of the multiple economic scenarios including governance processes and the application of weightings to the different scenarios • the governance and review of in-model adjustments (IMAs) and post-model adjustments (PMAs)
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Overall Assessment of the Bank's ECL methodology:

We have evaluated the Bank's ECL methodology and modelling of different components of ECL including PD, LGD and EAD and assessed the appropriateness of the components and the compliance with the requirements of IFRS 9.

We engaged the support of our external credit modelling experts to assess the performance of the ECL models and the appropriateness of management's key judgements and assumptions in the context of the current economic environment and our wider industry experience.

We also performed assessment of the ECL provision levels by stages to determine if they are reasonable by considering the overall credit quality of the Bank's portfolios, risk profile and the Bank's counterparties.

Identified the key data elements and assumptions within the ECL calculation and assessing the appropriateness of the assumptions and testing the completeness and accuracy of the key data elements relevant to the ECL calculation.

We have performed a sensitivity analysis in relation to key management assumptions and judgments to assess the impact of these assumptions on the ECL provision as at the year end.

Assessment of PDs for trade receivables, cash and cash equivalents and debt instruments at amortised cost :

We engaged our external credit modelling experts to critically assess the conceptual soundness of the methodology applied by the Bank to evaluate the Bank's methodology is compliant with the requirements of IFRS 9. We have performed a sample testing of the inputs (both quantitative and qualitative factors) used in the RiskCalc computation of the PDs and LGDs and assessed, on a sample basis, the quantitative and qualitative factors with the Moody's Risk Calc/ Credit Lens and assessed the appropriateness of the estimation of PD

Staging:

We evaluated the Bank's criteria used to allocate a financial asset to stage 1, 2 or 3 in accordance with IFRS 9. We have performed credit file reviews over a sample of agents to assess if the trade receivables are allocated to the correct stage

Economic scenario:

We engaged our external credit modelling experts to challenge the Bank's economic scenarios with external sources and have assessed if the weightings used by the Bank to each macroeconomic scenarios are complete and appropriate. We also assessed if the forecasted macroeconomic variables are complete and appropriate. Our external credit modelling experts also evaluated the correlation and translation of the macroeconomic factors to the ECL.

Adjustments:

We assessed and tested the judgements applied by the management to address the credit risk in the Bank's portfolio that was not reflected in modelled outputs, evaluating, and challenging the methodology, completeness

and application. We engaged our external credit risk experts to assess the risk of bias and to assess the completeness of these adjustments by considering the data, judgements, methodology, sensitivities, and governance of the adjustments considering the model shortcomings.

In addition to the specific audit procedures on the significant risk within the valuation of expected credit loss allowance, we have performed the following procedures on other areas within the valuation of expected credit loss allowance:

- We evaluated the design and implementation of controls across the processes relevant to ECL. Our walkthrough covers the following areas;
 - Model governance including model validation and controls;
 - data accuracy and completeness
 - journal entries related to ECL
- Obtained an understanding of the different types of trade receivables and the debt instrument portfolio, and the nature of the exposures
- Disclosure - We tested the data flows used to populate the disclosures and assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.

Key observations	We found the approach taken in respect of ECL to be consistent with the requirements of IFRS 9 and we have concluded that the assumptions and judgements made by the management in the application of ECL were reasonable and supportable.
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Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Overall Materiality	£347k (2022: £329k)
<ul style="list-style-type: none"> • Basis of determining overall materiality 	<p>We determined materiality based on 0.9% (2022: 0.9%) of the net assets value.</p> <p>We have considered the primary users of the financial statements to be shareholders, customers of the Bank, the ultimate parent company and the UK regulators (FCA and PRA).</p> <p>We have considered that Net Assets is the most appropriate threshold on which to base our assessment of materiality as it is the most relevant financial indicator used by the stakeholders to assess the performance of the bank and its compliance with appropriate regulatory requirements.</p>
Performance materiality	£208k (2022: £197k)
<ul style="list-style-type: none"> • Basis of determining overall performance materiality 	<p>We set performance materiality based on 60% (2022: 60%) of overall materiality.</p> <p>Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p> <p>The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.</p>
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding £17k (2022: £17k) to the Board Audit and Compliance Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the Bank which are relevant to our audit, such as those relating to the financial reporting cycle. We have noted placed reliance on controls.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment and found the IT controls to be operating effectively.

Climate-related risks

In planning our audit and gaining an understanding of the Bank, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment. We have agreed with managements' assessment that climate-related risks are not material to these financial statements.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and directors report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Bank's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Bank focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, the Financial Services and Markets Act 2000; UK tax legislation or those that had a fundamental effect on the operations of the Bank including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired with the directors and management concerning the Bank's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit loss.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Bank's board, board audit and compliance committee meetings, inspection of the complaints register, inspection of legal and regulatory correspondence and correspondences from the regulators PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.

- challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report; and
- obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Directors on 1 October 2020 for the audit of statutory financial statements of the Bank for the year ended 31 December 2020 as independent auditors of the Bank was our first year as independent auditors of the Bank. This is our fourth year as independent auditors of the Bank.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Bank, and we remain independent of the Bank in conducting our audit.

Use of our report

This report is made solely to the Bank's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rakesh Shaunak FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom

23 April 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Statement of comprehensive income

Year ended 31 December 2023

	Notes	Year ended 31 December 2023	Year ended 31 December 2022 (Restated)
		£'000	£'000
Continuing operations			
Interest income calculated using the effective interest income method	2	6,213	580
Interest expense calculated using the effective interest method	2	(4,512)	(459)
Net interest income/(expense)		1,701	121
Fee and commission income	3	4,862	4,916
Fee and commission expense	3	(1,305)	(1,260)
Net fee and commission income		3,557	3,656
Net trading profit on foreign exchange	4	2,706	2,996
Fair value gain/(loss) on derivatives		274	(37)
Other operating income	5	-	17
Allowance for impairment loss	30	(119)	(109)
Net operating income		8,119	6,644
Depreciation	18	(312)	(349)
Amortisation	19	(12)	(159)
Other operating expenses	6	(12,780)	(14,688)
Net foreign exchange loss		(725)	(166)
Total operating expenses		(13,829)	(15,632)
Loss for the year		(5,710)	(8,718)
Discontinued operations			
Loss from discontinued operations, net of tax	7	-	(3,150)
Loss for the year		(5,710)	(11,868)

There was no other comprehensive income during the year.

The accompanying notes on pages 37 to 66 are an integral part of the financial statements.

Statement of financial position

As at 31 December 2023

		31 December 2023	31 December 2022
	Notes	£'000	£'000
Assets			
Cash and cash equivalents	12	181,658	74,856
Trade and other receivables	13	20,732	13,382
Debt instruments at amortised cost	14	58,172	29,436
Debt instruments at fair value through profit or loss	15	23,924	-
Other assets	16	2,501	777
Derivative financial assets	17	216	83
Property, plant and equipment	18	659	951
Intangible assets	19	426	-
Total assets		288,288	119,485
Liabilities			
Trade and other payables	20	9,465	5,742
Due to customers	21	234,882	73,627
Derivative financial liabilities	17	16	156
Other liabilities	22	4,066	3,233
Provisions	23	378	1,646
Total liabilities		248,807	84,404
Equity			
Share Capital	24	84,700	74,700
Share Option Reserve	25	110	-
Retained earnings		(45,329)	(39,619)
Total equity		39,481	35,081
Total liabilities and equity		288,288	119,485

The accompanying notes are an integral part of the financial statements.

The financial statements on pages 33 to 66 were approved by the Board and authorised for issue on 23 April 2024 and signed on its behalf by:

Mujahid Malik
Chief Executive Officer

Inayat Kashif
Director

Statement of changes in equity

Year ended 31 December 2023

	Share Capital £'000	Contingent Capital Note £'000	Share Option Reserve £,000	Retained Earnings £'000	Total equity £'000
At 1 January 2022	40,200	4,500	-	(27,751)	16,949
Loss for the year	-	-	-	(11,868)	(11,868)
Total Comprehensive Income	40,200	4,500	-	(39,619)	5,081
Release of contingent capital note		(4,500)	-	-	(4,500)
Share capital issuance	34,500			-	34,500
As at 31 December 2022	74,700	-	-	(39,619)	35,081
Loss for the year	-	-	-	(5,710)	(5,710)
Total Comprehensive Income	74,700	-	-	(45,329)	29,371
Share capital issuance	10,000	-	-	-	10,000
Awarded share-based payment	-	-	110		110
As at 31 December 2023	84,700	-	110	(45,329)	39,481

The accompanying notes on pages 37 to 66 are an integral part of the financial statements.

Statement of cash flows

Year ended 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Cash outflows generated from operating activities:			
Loss before tax		(5,710)	(11,868)
Adjustment for non-cash items			
- Depreciation	18	323	376
- Amortisation	19	12	159
- Fair value gain/(loss) on derivatives		(274)	178
- Net foreign exchange loss		725	209
- Finance costs on lease		8	6
- Other non-cash items included in profit before tax		116	3,869
Changes in operating assets and liabilities			
Purchase of assets at fair value through profit and loss		(23,924)	-
Purchase of debt instruments at amortised cost		(55,440)	(31,954)
Proceeds from sale of debt instruments at amortised cost		26,720	2,108
Increase in amounts due to customers		161,254	31,320
Net (increase)/decrease in receivables		(9,207)	(2,025)
Net increase/(decrease) in payables		3,716	(1,686)
Net inflows (used in)/ from operating activities		98,319	(9,308)
Cash flows from investing activities:			
Purchase of property, plant and equipment	18	(52)	(268)
Purchase of intangible assets	19	(438)	-
Net outflows from investing activities		(490)	(268)
Cash flows from financing activities:			
Proceeds from the issue of ordinary shares	24	10,000	30,000
Payment of principal and interest portion of lease liabilities		(302)	1,107
Net inflows from financing activities		9,698	31,107
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		74,856	53,534
Effect of exchange rate fluctuations on cash and cash equivalents		(725)	(209)
Cash and cash equivalents at end of financial year	12	181,658	74,856

The accompanying notes on pages 37 to 66 are an integral part of the financial statements.

Notes to the financial statements

1. Material Accounting Policies

i. Corporate Information

iFAST Global Bank Limited (Company Number: 04797759) is a private company limited by shares incorporated and registered in England and Wales. It provides a range of banking and financial services focusing on international and domestic payments, cash management solutions and money transfer services.

ii. Basis of preparation and accounting convention

The financial statements have been prepared on the historical cost basis, with the exception of measuring derivative financial assets and derivative financial liabilities and money market funds at fair value through profit or loss in accordance with UK adopted International Financial Reporting Standards ('UK adopted IFRS') and the Companies Act 2006. The principal accounting policies are set out in this note.

iii. Functional and presentation currency

These financial statements are presented in Pounds Sterling (GBP or £), which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

iv. Changes in material accounting policies

Material accounting policy

The Bank adopted Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments did not result in any changes to the accounting policies themselves, nor did they impacted the account policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

v. IFRS9 Financial Instruments; Recognition and Measurement

IFRS 9 - Financial instruments, includes requirements for impairment, recognition and measurement sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Financial assets and liabilities

The Bank applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets as well as impairment of financial assets.

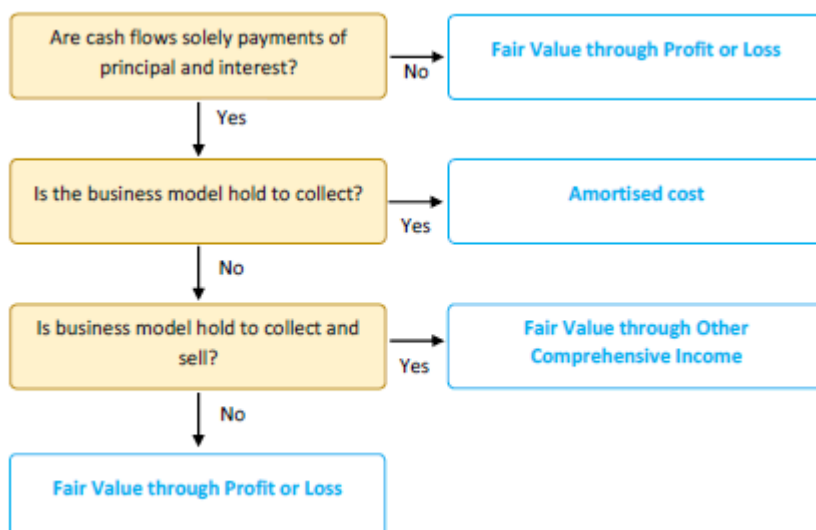
The Bank measures loans and advances provided to counterparties who originate remittance transactions for the Bank's EzRemit remittance business (treated as trade receivables in the financial statements), balances due from banks, debt instruments and cash balances at amortised cost if the following conditions are met:

- The financial asset is held within the business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The business model reflects how a portfolio of the Bank's assets is managed to achieve business objectives, whether by holding the financial assets, selling the assets or both. Using the flow chart below and the nature of each balance sheet item the Bank has classified its financial assets for measurement.



The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed.
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Below are further details on how the Bank recognises and classifies its financial instruments.

- (i) **Recognition**
Financial assets and liabilities are recognised when the Bank becomes party to the terms of the contract. For the purchase or sale of securities this is deemed to be the trade date. Trade receivables and payables, comprising remittance business transactions, are recognised on trade date as the Bank is legally committed to the transaction.
- (ii) **Classification and measurement**
Financial assets are initially recognised at fair value and may be held at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI), or Fair Value through Profit or Loss (FVTPL) by the Bank. Financial liabilities are recognised at Amortised Cost or FVTPL.

Debt instruments are measured at amortised cost if both of the following conditions are met:

- The asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows.
- 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.

Debt instruments are measured at FVOCI if both of the following conditions are met:

- Asset is held within the business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets.
- 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.

Debt instruments that are not measured at amortised cost or at FVOCI but are measured at FVTPL. Equity instruments and derivatives are measured at FVTPL.

Financial liabilities are recognised at Amortised Cost or FVTPL. Financial liabilities held for trading are recognised as FVTPL or if the Bank has elected to measure financial liabilities at FVTPL, i.e. using the fair value option.

(iii) Derecognition

Financial assets are derecognised by the Bank where the contractual rights to cash flows from these assets has expired, or have been transferred, usually by sale, when substantially all the risks and rewards of ownership are transferred.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms is accounted by the Bank as an extinguishment of the original financial liability and the recognition of a new financial liability.

(iv) Impairment

The adoption of IFRS 9 has changed the Bank's accounting for loan loss impairments approach with a forward-looking expected credit loss (ECL) approach. In accordance with IFRS 9 the Bank records allowance for ECLs for all loans and other debt financial assets not held at fair value through profit or loss (FVTPL), together with loan commitments and financial guarantee contracts.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there is a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank has applied the 'expected credit loss' model in accordance with IFRS9. The impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Pervasive concept in measuring ECL is that it measures forward-looking information.

The Bank has followed the 'three-stage' model for impairment, based on changes in credit quality since initial recognition of these as summarised below:

- **Stage 1**
A financial instrument which comprises primarily of Nostro balances and receivables from counterparties that are not credit-impaired on initial recognition are classified as 'Stage 1' and their credit risk monitored by the Bank.
- **Stage 2**
If a significant increase in credit risk is identified since initial recognition, the financial instruments are moved to 'Stage 2' but are not deemed to be credit-impaired.
- **Stage 3**
If the financial instrument is credit-impaired it is moved to 'Stage 3'.

The maturity of Bank's credit exposures is very short term and on average credit is not provided for more than 1 month. Financial instruments in Stage 1, Stage 2 and Stage 3 have their ECL measured at amount equal to the expected credit losses that result from potential default events.

(v) Significant increase in credit risk

When determining whether the risk of default of financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and includes forward-looking information.

The Bank uses several criteria for determining whether there has been a significant increase in credit risk:

- Actual or expected deterioration of the financial performance of the counterparty. This is not limited to review of their financial statements but includes at least weekly interaction and assessment by the Bank with the counterparties.
- Past performance of length of time taken to settle outstanding balances.
- Changes to regulatory and economic conditions in the country where the counterparty operates.
- Expected changes to the agreements with the counterparties.
- A credit rating downgrade is a key indicator for financial instruments.

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the geographical region in which the counterparty operates.

For Stage 1, the credit exposure is treated as performing as they have been paying the amounts due on time in accordance with the credit terms granted.

Should a counterparty face a significant increase in credit risk, as per above criteria (for example more than 30 days past due), the exposure is moved to Stage 2, making the account underperforming or watch.

Credit exposure is moved to Stage 3 when the counterparty is in default and its status is moved to non-performing. In terms of the loss allowance, an individual review of the counterparty is conducted for non-performing accounts.

(vi) Definition of default

A key issue in measuring expected losses is identifying when a "default" may occur. Although IFRS 9 does not define the term, the Basel Committee has recommended that the definition of default adopted for IFRS 9 accounting purposes is guided by the definition used for regulatory purposes which is 90 days. Given the short-term tenure of the exposures, the default definition for the Bank has been set at 90 days.

The Bank considers a financial asset to be in default when:

- Counterparty is more than 90 days past due on any material credit obligation to the Bank; and
- It is unlikely to pay its credit obligations to the Bank in full,

(vii) Incorporation of forward-looking information

A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using 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 Bank continues to monitor macro-economic environment and apply additional conservatism based on expert judgement where it is considered appropriate. The bank accesses market information which includes; research papers, market updates from Moody's and several other organisations as appropriate which are incorporated in Bank's internal credit assessment process.

(viii) Explanation of inputs, assumptions and estimation technique

The Expected Credit Loss (ECL) is measured on 60 day lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. ECL is a product of Exposure at Default (EAD), Probability of Default (PD), and Loss Given Default (LGD) defined as follows:

(i) Exposure at Default (EAD)

EAD represents the expected exposure of the Bank. The Bank derives EAD from its current exposures to counterparties and potential changes allowed under the agreement. EAD is the gross carrying amount and is broken down by exposure to the counterparty into local currency and non-local currency as this impacts the PD. The exposures of the Bank are primarily from two types of counterparties i.e., trade receivables from its originating counterparties or Nostro accounts with other banks.

Based on IFRS 15, the Bank has classified expected cash flows from its originating counterparties as trade receivables for EzRemit business unit. The nature of these exposures does not require enhanced risk management techniques and is therefore based on lifetime basis under the simplified approach.

Exposures to banks have been segregated into the following categories; Central Banks, Developed Markets Banks and Emerging Markets Banks, as the characteristics of each is different. For these exposures, individual PDs and LGDs are calculated.

(ii) Probability of Default (PD)

For the Bank the 12-month PDs are the same as the lifetime PDs as all counterparty exposures are under one year. The 12-month PD is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial asset if that is less than 12 months).

(iii) Loss Given Default (LGD)

LGD is the estimate of loss arising on default of the counterparty. It is based on the difference between contractual cash flows that are due and expected to receive including from collateral. The PDs and LGDs have been calculated using third party software Moodys RiskCalc.

(ix) Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Bank has incorporated forward looking information in both assessment of significant changes in credit risk and the measurements of ECLs.

(x) Derivatives

The Bank defines derivative as financial instrument or other contract which meets all of the following characteristics:

- It's value changes in response to the change in specified interest rate or price of a financial instrument, foreign exchange rate, index of prices or rates, credit rating or credit index, commodity price or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties for forward foreign exchange contracts.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in the notes to the financial statements. These are measured at fair value as they are imperfect hedges in accordance to IFRS 9 standard.

vi. Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within the notes to the financial statements

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

The Bank leases office premises and branches. The total lease liability at 31 December 2022 was £789k. In 2023 this lease liability was discounted using an average incremental borrowing rate of 1.15% resulting in the recognition of a lease liability of £493k.

Presentation

Right-of-use assets and lease liabilities are presented together with property, plant and equipment in the statement of financial position.

vii. Going Concern

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Bank has the resources to continue in business for the foreseeable future, which has been determined as a period of twelve months from the date of approval of the financial statements. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions facing the Bank, including the current statement of financial position, capital resources and cash flows.

The Bank benefits from financial and other support of its parent undertaking when required, as evidenced through the additional capital injections since change in control. Furthermore, the shareholder, is resolved in its intention and has the ability to ensure that the Bank will at all times be adequately capitalised to meet its regulatory capital requirements.

The Bank's forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for the foreseeable future, including under a range of stressed scenarios. The Bank has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the PRA.

After making due enquires, the Directors believe the Bank has sufficient and competent resources to continue its activities for the foreseeable future.

viii. Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, and represents amounts receivable for services rendered. Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Bank, and when specific criteria have been met for each of the Bank's activities, as described below:

Interest Income

Interest income is calculated using the effective interest rate and earned on balances held with central banks, other banks, and debt instruments held. Recognition is on an accruals basis.

Fee and Commission Income

Fee and Commission income is earned for the money transfer services to customers and banking fees and commissions charged to clients. It is recognised when services have been provided.

Net trading gain on foreign exchange

Gains and losses from dealing in foreign currencies represents the exchange margin realised on wholesale and retail foreign currency transactions. Exchange margin is the difference between the deal rate and market rate prevailing on the date of transaction.

IFRS 15

Revenue from Contracts with Customers does not have a material impact on revenue recognition and related disclosures, as all contracts with customers have very short maturities.

For management purposes, the Bank is organised into business units based on its products and services and has reportable revenue segments as follows:

- *EzRemit*: The business unit focuses on remittance of foreign exchange for consumers. There are no long term contracts with customers and maturity is typically 1 day to 5 days.
- *Digital Personal Banking*: The business was launched in April 2023 and is initially focussing on offering multicurrency deposit products to a global retail customers base. Deposit products range from overnight maturity to 24 months.
- *Digital Transaction Banking*: The business was launched in January 2023 and has focussed on serving the UK Electronic Money Institution sector in its first year. The business offers safeguarding accounts to its customers.
- *Treasury*: The Treasury business unit is responsible for liquidity management specifically in relation to customer deposits and investments into debt securities and cash products.

The following business unit was fully closed in June 2023:

- *Wholesale*: The business unit focused on the purchase and sale of financial instruments (e.g. cash, forward contracts and derivatives) with other financial institutions. These contracts fell within the scope of IFRS 9 Financial Instruments.

ix. Interest and similar income and expense

The Bank applies IAS 1 Presentation of Financial Statements, to present interest income and expense separately on the face of the statement of comprehensive income to provide symmetrical and comparable information. Therefore, the Bank shows all interest income under the heading "Interest and similar income" and interest expense as "interest and similar expense" and it is also consistent with all internal reporting. The Bank has also elected to present its interest expense in a manner consistent and symmetrical with interest income.

Net interest income/(expense) comprises interest income and interest expense calculated using the effective interest rate (EIR) method, except for those classified at fair value through profit and loss. Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR method applied for debt instruments at amortised cost takes into account premiums and discounts as well as future cash receipts through the expected life of the asset in the calculation of overall return.

x. Fee and commission expense

Fee and commission expense is payable to financial institutions and corporates for the money transfer services to customers and is recognised when services have been provided and include transaction costs for debt instrument purchases.

xi. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated at their depreciable amounts according to the straight-line method over the estimated useful life of each class of asset. For each class of asset the depreciation method, useful life and residual value are subject to annual review for appropriateness. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. The depreciation method is as follows:

Furniture	20% straight line
Computer equipment	20% straight line

At each balance sheet date Furniture and Computer equipment are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount the higher of the asset's net selling price and its value in use.

Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of fixed assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

xii. Intangible asset

Intangible assets with finite useful lives that are acquired or built are carried forward at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life for intangible asset is as follows:

Banking Platform

Expenditure on development activities is capitalised if the product or process meets the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliable the expenditure attribute to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is provided on a straight line basis over 10 years after the asset is put to use.

At each reporting date, the Bank reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately.

xiii. Employee benefits

Short-term employee benefits

Salaries, paid absences and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the profit or loss, which is included within operating expenses.

Defined contribution pension scheme

The Bank provides a defined contribution pension scheme for its staff. Payments to a defined contribution scheme, including state-managed retirement benefit schemes are charged as expenses as they fall due.

Share-based incentive plans

The share-based incentive plans allow employees to receive remuneration in the form of share options as consideration for services rendered. The fair value of options granted is recognised as an employee expense, with a corresponding increase in

equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Bank revises its estimates of the number of shares that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

xiv. Trade receivables and payables

Amounts due from counterparties who originate remittance transactions for the Bank's EzRemit remittance business are treated as trade receivables in the financial statements. Trade receivables are recognized when a remittance transaction is originated.

xv. Provisions

Specific provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

xvi. Due to customers

Due to customers, represent fixed term deposits and notice accounts received from SME, corporate and retail customers as well as overnight deposits and current accounts held by customers. Both fixed term deposits, notice accounts, overnight deposits and current accounts are measured at fair value.

xvii. Taxes

IAS12 amendments on international tax reform – Pillar two model rules

The IASB issued final amendments to IAS 12 on 23 May 2023, the amendments are effective immediately.

This Standard applies to income taxes arising from tax law enacted to implement Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Amendments create a temporary mandatory exception to the requirements of IAS12 Income Taxes from recognition and disclosure information about deferred tax assets and liabilities related to Pillar Two income taxes. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 9.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

xviii. Foreign currencies

Items included in the financial statements of the Bank are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies that are retranslated at the rates prevailing on the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of transaction is included as exchange gain or loss in profit or loss. The Bank has no non-monetary item denominated in foreign currencies.

xix. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from inception that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the Statement of Financial position.

Cash and cash equivalents comprise cash in hand and at vaults, cash due from other banks and central banks.

xx. Use of estimates and judgements

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Judgements and estimates in applying accounting policies:

- The Bank reviews capitalisation of intangible assets at each reporting date to assess whether an impairment loss should be recognised in the income statement.
- An impairment analysis is performed at each reporting date using the general approach to measure expected credit losses on financial assets carried at amortised cost, these include cash balances with central bank and other banks, trade receivables and debt instruments. A Moody's 'RiskCalc' model is used to obtain inputs to calculate the PD and LGD for each asset at amortised cost. Detailed information on the calculation of expected credit losses, and judgement applied to determine significant increases in credit risk and other areas within IFRS 9 are discussed in the accounting policy on IFRS 9 in these financial statements.

Judgements and estimates involving estimation uncertainty:

- The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.
- Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Although tax losses can be utilised indefinitely, judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies
- The Bank operates in an environment and faces risks inherent to its operations. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements.

All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Interest and similar income and expense

	31 December 2023	31 December 2022 (Restated)
	£' 000	£' 000
Interest income calculated using the effective interest income method		
Due from banks	3,515	326
Debt instruments at amortised cost	2,514	254
Debt instruments at FVTPL	184	-
	<u>6,213</u>	<u>580</u>
Interest expense calculated using the effective interest method		
Due to banks	(82)	(8)
Due to customers	(4,422)	(445)
Finance costs:		
Interest expense on lease liabilities	(8)	(6)
	<u>(4,512)</u>	<u>(459)</u>
Net Interest expense	1,701	121

3. Fee and commission income and expense

	31 December 2023	31 December 2022 (Restated)
	£' 000	£' 000
Fee and Commission income	4,862	4,916
Fee and Commission expenses	(1,305)	(1,260)
Net fee and commission income	<u>3,557</u>	<u>3,656</u>

Fee and commission income primarily arises from EzRemit Remittance business where commissions and rebates are earned on transactions. Fee and commission expense arises from bank changes and payment scheme costs.

4. Net trading profit on foreign exchange

	31 December 2023	31 December 2022 (Restated)
	£' 000	£' 000
Foreign exchange dealing income	2,865	2,981
Foreign exchange dealing expense	(159)	15
	<u>2,706</u>	<u>2,996</u>

5. Other operating income

	31 December 2023	31 December 2022
	£' 000	£' 000
Other operating income	-	-
Gains from sales of debt instruments at amortised cost	-	17
	<u>-</u>	<u>17</u>

6. Other operating expenses

		31 December 2023	31 December 2022 (Restated)
		£' 000	£' 000
Staff costs	Note 8	5,822	4,679
Legal and professional fees		863	1,006
Auditor's remuneration (see below)		238	177
Rent, rates & services charges		284	437
IT expenses		2,943	2,198
Staff and travel expenses		437	253
Property repairs and maintenance		24	16
Business promotion and communications		1,850	1,294
Other expenses		319	278
Intangible Assets Write-off	Note 19	-	3,760
Restructuring cost (Consumer UK and WCS)	Note 23	-	590
		12,780	14,688

The intangible asset write off in prior year resulted from an impairment assessment was carried at the time of a trigger event, being the change in control of the Bank effective 28th March 2022.

The analysis of Auditor's remuneration is as follows:

To the Bank's auditor for:			
- the audit of the Bank's annual financial statements		238	234
		238	234

7. Discontinued operation

During 2022 a decision to close the Bank's Wholesale Currency Services (WCS) business unit was taken. The business unit was a major line of business for the Bank.

The full closure of the WCS division was completed in 2023 following delay due to an onerous contract with one customer. The costs to run the business until closure in June 2023 were recognised as a provision under other liabilities in line with IAS 37 'Provisions, contingent liabilities and contingent assets in 2022.

Discontinued operation – Income Statement		31 December 2023	31 December 2022
		£'000	£' 000
Net Interest expense		(155)	(236)
Commission and fee income/(expense) (net)		261	(203)
FX dealing income/(expense) (net)		(670)	677
Net operating income/(loss)		(564)	238
Staff costs		310	1,080
Legal and professional fees		95	69
Auditor's remuneration		-	57
Rent, rates & services charges		-	82
IT expenses		81	49
Staff and travel expenses		-	15
Property repairs and maintenance		12	21
Business promotion and communications		10	102
Other expenses		185	56
Depreciation		11	27
Fair value on derivatives		-	141
Foreign exchange		-	43
Restructuring Provision (release)/charge		(1,268)	1,646
Net loss		-	3,150

8. Staff costs

The average monthly number of employees (including executive directors) was:

	31 December 2023	31 December 2022
	No.	No.
Executive	12	13
Business	39	34
Operations	18	14
Finance, Projects, Risk and Compliance	34	19
Information Technology	12	6
	<u>115</u>	<u>86</u>

The aggregate remuneration comprises:

	31 December 2023	31 December 2022
	£' 000	£' 000
Wages and salaries	5,279	5,042
Share awards	110	-
Social security costs	542	526
Pension costs – defined contribution scheme	127	120
Other pension costs	74	72
	<u>6,132</u>	<u>5,759</u>

9. Key management personnel and directors' remuneration

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Bank. The compensation paid or payable to key management personnel and the directors during the year were as follows:

	31 December 2023	31 December 2022
	£'000	£'000
Key management compensation		
Remuneration	1,372	1,213
Pension costs – defined contribution scheme	32	26
Other benefits	12	15
	<u>1,416</u>	<u>1,254</u>

The information above includes directors' remuneration detailed below:

	31 December 2023	31 December 2022
	£'000	£'000
Directors emoluments		
Remuneration	622	553
Company contribution to defined contribution pension	10	9
Other benefits	4	3
	<u>636</u>	<u>565</u>

Remuneration disclosed includes amounts paid to the highest paid director as follows:

	31 December 2023	31 December 2022
	£'000	£'000
Directors emoluments		
Remuneration	292	236
Company contributions to defined contribution pension scheme	10	9
Other benefits	4	2
	<u>306</u>	<u>247</u>

10. Taxation

The income tax charge/(credit) for the year was Nil (2022: Nil)

The actual tax charge differs from the expected tax charge by applying the standard rate of UK corporation tax as follows:

Reconciliation of effective tax rate	31 December 2023	31 December 2022
	£'000	£'000
Loss before tax	(5,710)	(11,868)
Expected tax charge at 23.5% blended rate (2022: 19%)	(1,342)	(2,255)
Non-deductible expenses	-	-
Under/(over) provided in prior years	-	-
Unrecognised deferred tax	1,342	2,255
Total income tax charge	-	-

UK Corporation tax rate increased from 19% to 25% on 1 April 2023.

11. Deferred taxation

The Bank has an unrecognised deferred tax asset value of £10.9m (2022: £7.2m) which may be utilised in future years subject to performance. This asset comprises £43.6m (2022: £37.9m) of trading losses. All these amounts are carried forward taxed at the expected rate of 25% (2022: 19%)

The Directors have concluded that it is not appropriate to recognise the potential deferred tax asset at the balance sheet date as the majority of accumulated losses will not be available to offset against future taxable profits because there is insufficient certainty with respect to the availability of suitable future profits in the foreseeable future.

12. Cash and cash equivalents

	31 December 2023	31 December 2022
	£'000	£'000
Cash in hand and held at vaults	37	6,455
Cash at central banks	154,717	48,098
Due from other banks	24,783	17,718
Due from other banks, held as collateral	2,162	2,612
Less: allowance for impairment losses	(41)	(27)
	181,658	74,856

13. Trade and other receivables

	31 December 2023	31 December 2022
	£'000	£'000
Trade receivables	20,458	13,311
Intercompany receivables	298	88
Less: allowance for impairment losses	(24)	(18)
	20,732	13,382

14. Debt instruments measured at amortised cost

	31 December 2023	31 December 2022
	£'000	£'000
Government debt securities	17,344	11,033
Corporate debt securities	41,033	18,509
Less: Allowance for impairment losses	(205)	(106)
	58,172	29,436

During the year, the Bank purchased debt instruments with a total principal value of £55.4m (2022: £31.9m) and redeemed debt instruments valued at a £26.7.1m (2022: 2.1m), realising a gain on disposal amounted to £Nil (2022: £17k).

Information regarding the ECL allowance for debt instruments measured at amortised cost is presented in Note 30. Debt instruments are measured at amortised costs.

15. Debt instruments at fair value through profit or loss

	31 December 2023	31 December 2022
	£'000	£'000
Money Market Funds	23,924	-
	23,924	-

16. Other assets

	31 December 2023	31 December 2022
	£'000	£'000
Prepayments	1,259	410
Other receivables	1,242	367
	2,501	777

Other receivables include interest receivable on debt instruments of £1,192,000 (2022: £289,000).

17. Derivative financial instruments

The Bank enters into derivatives for risk management purposes. These are imperfect hedges; therefore, the Bank does not apply hedge accounting.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	£'000	£'000	£'000	£'000
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts hedges non trading book	216	16	83	156
Total	216	16	83	156
Notional principal amounts	83,239	83,163	74,741	80,870

The notional amounts represent the amounts of all outstanding contracts at year end. It is the sum of the absolute amount of

all purchases and sales of derivative instruments. The notional amounts of the derivatives provide a basis for comparison with instruments recognised on the balance sheet but does not indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore do not indicate the Bank's exposure to credit or market risks.

Forward foreign exchange contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Futures contracts are transacted at standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

As part of its asset and liability management, Bank uses derivatives for economic hedging purposes in order to reduce its exposure to market risks. This is achieved by hedging specific financial instruments and forecast transactions as well as strategic hedging against overall financial position exposures (e.g., macro cash flow hedges).

The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered very low because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are usually settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts which, unless chosen to be executed by delivery, are settled on a net basis. Both type of contracts results in market risk exposure.

Derivatives are measured at their fair value, which is calculated as the present value of future expected net contracted cash flows at market related rates as of the balance sheet date. Gains and losses arising from the revaluation of foreign currency assets and liabilities into pounds sterling have been hedged with forward foreign exchange contracts and the result is reported in the Statement of Comprehensive Income under net fair value loss on derivatives.

18. Property, plant and equipment

	Furniture £'000	Computer and equipment £'000	Right-of-use assets leases £'000	Total £'000
Cost				
At 1 January 2022	845	707	3,033	4,585
Additions	44	12	212	268
Disposals	(615)	(431)	(2,129)	(3,175)
At 31 December 2022 & 1 January 2023	274	288	1,116	1,679
Additions	36	16	-	52
Disposals	-	(134)	-	(134)
At 31 December 2023	310	170	1,116	1,596
Depreciation				
At 1 January 2022	747	626	1,146	2,519
Additions	(573)	(430)	(1,164)	(2,167)
Disposals	35	46	295	376
At 31 December 2022 & 1 January 2023	209	242	277	728
Additions	13	30	280	323
Disposals	-	(114)	-	(114)
At 31 December 2023	222	158	557	937
Net book value				
At 31 December 2023	87	12	559	659
At 31 December 2022	65	47	839	951

Lease liabilities

The carrying amounts of lease liabilities (included in 'Other liabilities' in Note 22) and the movements during the year are as follows:

	2023 £'000	2022 £'000
As at 1 January	789	1,890
Additions	-	-
Disposal	-	(1,646)
Accretion of interest	8	6
Payments	(304)	539
As at 31 December	493	789

As at 31.12.2023 the total lease liability is current liability (within 12 months) £327k and non-current (over 12 months) £166k.

19. Intangible Assets

	Software	Banking Platform	Total
Cost	£'000	£'000	£'000
At 1 January 2022	-	6,354	6,354
Write off	-	(6,354)	(6,354)
At 31 December 2022 & 1 January 2023	-	-	-
Additions	438	-	438
At 31 December 2023	438	-	438
Amortisation			
At 1 January 2022	-	2,435	2,435
Charge for the year	-	159	159
Write off	-	(2,594)	(2,594)
At 31 December 2022 & 1 January 2023	-	-	-
Charge for the year	12	-	12
Write off	-	-	-
At 31 December 2023	12	-	12
Net Book Value			
At 31 December 2023	426	-	426
At 31 December 2022	-	-	-

The banking platform was developed and provided by an external supplier based on specifications and requirements of the Bank. These assets are recognised as core banking assets that were brought into use during the year 2018 following receipt of full banking license on 16 October 2017.

At each balance sheet date, or as trigger event occurs the Bank reviews the recoverable amounts of these assets to determine whether there is any indication that these assets have suffered an impairment. Recoverable amounts of these assets are calculated based on their value in use, determined by discounting future cash flows expected to be generated from the continuing use of the assets.

Following change in control of the bank in March 2022 an impairment assessment was undertaken of the intangible assets in line with IAS 36. It was determined that the banking platform was fully impaired and was written down to nil.

During the year, there was recognised capital expenditure for software development. Most software development costs in the companies within the iFAST Group are managed and capitalised by the parent company. Development costs capitalised at iFAST Group will subsequently be recharged and expensed in each subsidiary entity through a licence fee.

20. Trade and other payables

	31 December 2023	31 December 2022
	£'000	£'000
Trade payables	9,264	5,491
Amount owed to group undertakings	201	251
	9,465	5,742

21. Due to customers

	31 December 2023	31 December 2022
	£'000	£'000
Overnight Deposits	131,877	13,466
Fixed term deposits	103,005	60,162
	<u>234,882</u>	<u>73,627</u>

22. Other liabilities

	31 December 2023	31 December 2022
	£'000	£'000
Accruals	2,893	2,156
Lease liability	Note 18 493	789
Other payables	680	288
	<u>4,066</u>	<u>3,233</u>

23. Provisions

	31 December 2023	31 December 2022
Restructuring provision	Note 6 378	1,646
	<u>378</u>	<u>1,646</u>

Restructuring provision relates to an onerous contract arising from the closure of Wholesale Currency Services business unit (see Note 7). There was no new or increase in the existing provision in the year, however the existing provision in place was partially utilised during the year for the closure expenses of the business unit.

24. Share capital

	31 December 2023	31 December 2022
Authorised, allotted, called up and fully paid:	Number of shares	Number of shares
Ordinary shares of £1 each	<u>84,700,000</u>	<u>74,700,000</u>
	Number of shares	£'000
Ordinary shares of £1 each		
At 1 January 2022	40,200,000	40,200
Issued during the year	34,500,000	34,500
At 31 December 2022 & 1 January 2023	<u>74,700,000</u>	<u>74,700</u>
Issued during the year	10,000,000	10,000
At 31 December 2023	<u>84,700,000</u>	<u>84,700</u>

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Ordinary shares are classified as equity and have full voting rights attached. During the year 10,000,000 authorised ordinary shares were issued at £1 each. All shares issued are fully paid up.

25. Share Option Reserve

	31 December 2023	31 December 2022
	£'000	£'000
Share Option Reserve	110	-
	<u>110</u>	<u>-</u>

The Bank and iFAST Group has a share-based payment scheme for selected employees. The share options will be equity settled as defined under IFRS 2 Share-based payment.

The share-based payments scheme is administered by iFAST Corporation Ltd the ultimate parent of the Bank. The iFAST Corporation Ltd Performance Share Plan (the "PSP") was approved by the shareholders on 21 October 2014 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 December 2014. Full detailed information on the PSP is provided in the Annual Report of iFAST Corporation Ltd, the ultimate parent of the Bank.

Key information regarding the PSP are set out below:

- Those eligible to participate in the PSP comprise Executive Directors and confirmed employees of the iFAST Corporation Ltd, its subsidiaries and its associated companies, who have attained the age of twenty-one years as of the award date, and who hold such rank as may be designated from time to time, and Non-Executive Directors (including the Independent Directors) of the Company and its subsidiaries.
- Awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.
- The Performance shares vesting period is 2 and 3 years, where 1/3rd of the shares awarded vest after 2 years and 2/3rds of the shares vest after 3 years.

At the end of the financial year, details of the shares granted under the PSP on the unissued ordinary shares of iFAST Corporation Ltd are as follows:

Date of grant of performance shares	Price per share	Performance shares granted	Performance shares lapsed in 2023	Performance shares outstanding 31 December 2023
1 July 2023	SGD 4.53	212,600	(2,000)	210,600

26. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities at year end including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value through the profit and loss (FVTPL) if the carrying amount is a reasonable approximation of fair value.

2023	Mandatorily at FVTPL- others	Total carrying amount	Level 1*	Level 2*	Level 3*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets measured at fair value:						
Derivative financial assets - Foreign exchange forward contracts	216	216	-	216	-	216
Money Market Funds	23,924	23,924	23,924	-	-	23,924
Liabilities measured at fair value:						
Derivative financial liabilities - Foreign exchange forward contracts	16	16	-	16	-	16
2022						
2022	Mandatorily at FVTPL- others	Total carrying amount	Level 1*	Level 2*	Level 3*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets measured at fair value:						
Derivative financial assets - Foreign exchange forward contracts	83	83	-	83	-	83
Liabilities measured at fair value:						
Derivative financial liabilities - Foreign exchange forward contracts	156	156	-	156	-	156

*The fair value hierarchy levels are, Level 1 – Quoted prices in active markets, Level 2 – Significant observable inputs and Level 3 – Significant unobservable inputs.

The Bank measures derivatives at their fair value, which is calculated as the present value of future expected net contracted cash flows at market related rates as of the balance sheet date.

27. Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the banking supervisor. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Bank of England and the PRA in supervising the Bank.

The primary objective of the capital management is to ensure that the Bank complies with both external and internal requirements and that the Bank maintains healthy capital ratios to support its business and maximise shareholders value.

The Bank manages its capital structure and adjusts it in the light of changes in economic conditions, risk characteristics of its activities and regulatory requirements.

The Pillar 2 framework is intended to ensure that the Bank has adequate capital to support relevant risks in their business and ensure it has appropriate processes to comply with CRD IV. Pillar 2 addresses risks that the Bank is not adequately covered by Pillar 1 and risks to which it may become exposed over a forward-looking planning horizon. This encourages the Bank to develop and use better risk management techniques in monitoring and managing its risks. The Pillar 2 frameworks includes an Internal Capital Adequacy Assessment Process (ICAAP) carried out by the Bank to analyse and conclude on the additional capital required and the regulators review of the process.

For the Bank Pillar 2A addresses 5 risks: Credit risk, operational risk, market risk, concentration risk and counterparty credit risk. The capital requirements of Pillar 1 and Pillar 2A together form the Total Capital Requirement (TCR) for the Bank. The table below summaries the TCR for the Bank at year end.

	31 December 2023	31 December 2022
	£'000	£'000
Pillar 1 Capital Requirement	8,603	6,882
Pillar 2A Capital Requirement	5,280	4,224
Total Capital Requirement	13,883	11,106

28. Risk Management

Risk appetite

The Bank's risk appetite is approved by the Board of Directors and defines the types and amounts of risk that the Bank is willing to take in pursuit of its business strategy. This is reviewed regularly and provides qualitative statements and quantitative measures to assist with the monitoring of risk appetite.

The Bank's risks are managed taking into account the following principles:

- a strong ethical and risk culture is maintained so that risk awareness is embedded into all activities.
- there is independent and effective risk oversight and assurance;
- the process is underpinned by comprehensive, transparent and objective disclosure of risk exposures to senior management, the Board of Directors, regulators and other stakeholders;
- capital, liquidity, and profitability are protected by effective controlling of the risk exposures across all material risk types and businesses; and

Risk management framework

The Bank's risk management activities are managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and everyone within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The Board determines the Bank's strategy and its risk appetite. It sets the Bank's values and standards and ensures that its fiduciary duties to shareholders and other stakeholders are appropriately discharged.

To assist the Board in discharging and overseeing their responsibilities it has delegated responsibilities to sub committees of the Board as follows:

- Board Audit Committee
- Board Risk Committee
- Nominations, Remuneration & Governance Committee

The Board also delegates responsibility for the day-to-day management of the business to the Executive Committee (EXCO). Internal Audit is an independent function and reports to the Board Audit Committee and its Chairman.

The Bank has exposure to the following risks arising from financial instruments:

- (i) credit risk
- (ii) liquidity risk
- (iii) market risk
- (iv) operational risk

The information in notes 28 to 32 describe the risks faced by the Bank and the policies of the Bank to manage them. The Directors consider the current risk management structure is sufficient for identification, monitoring and control of significant financial risks to the Bank at present.

29. Credit risk

Credit risk is the risk of financial loss to the Bank if its customers or counterparties fail to discharge their contractual obligations. It arises principally on its bank balances, trade and other receivables and credit instruments.

The Bank limits its credit risk with regard to bank balances by dealing with reputable banks with high credit ratings as obtained from Moody's, S&P, and Fitch. Similarly, the credit risk of debt securities is limited by investing in only investment grade rated instruments.

The Bank also manages credit risk by adopting a policy of dealing with credit worthy corporate and other counter parties as a mean of mitigating the risk of financial loss for defaults. Credit worthiness is assessed on an individual account basis. There are credit limits and ratings of such parties where available in place.

The following table shows the maximum exposure to credit risk by class of financial asset:

	Cash balances with central banks and due from banks *	Trade receivables	Debt instruments	Derivative financial instruments	Total
31 December 2023	£'000	£'000	£'000	£'000	£'000
Stage 1	181,699	20,756	58,377	216	261,048
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Gross	181,699	20,756	58,377	216	261,048
Less: allowance for impairment	(41)	(24)	(205)	-	(270)
Net	181,658	20,732	58,172	216	260,778

	Cash balances with central banks and due from banks *	Trade receivables	Debt instruments	Derivative financial instruments	Total
	£'000	£'000	£'000	£'000	£'000
31 December 2022					
Stage 1	67,115	14,717	29,542	83	111,457
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Gross	67,115	14,717	29,542	83	111,457
Less: allowance for impairment	(27)	(18)	(106)	-	(151)
Net	67,088	14,699	29,436	83	111,306

* This is part of cash and cash equivalents but excluding cash at vaults. Gross balances are used for credit assessment.

Analysis of changes in gross carrying amount and ECL allowances for financial assets in scope of IFRS 9 is as follows:

2023	Stage 1	Stage 2	Stage 3	Total
Gross Exposure	£'000	£'000	£'000	£'000
Carrying amount as at 1 January 2023	111,373	-	-	111,373
Assets derecognised or repaid (excluding write offs)	149,459	-	-	149,459
At 31 December 2023	260,832	-	-	260,832

ECL				
ECL allowance as at 1 January 2023	151	-	-	151
Assets derecognised or repaid (excluding write offs)	119	-	-	119
At 31 December 2023	270	-	-	270

2022	Stage 1	Stage 2	Stage 3	Total
Gross Exposure	£'000	£'000	£'000	£'000
Carrying amount as at 1 January 2022	53,027	-	-	53,027
Assets derecognised or repaid (excluding write offs)	58,346	-	-	58,346
At 31 December 2022	111,373	-	-	111,373

ECL				
ECL allowance as at 1 January 2022	42	-	-	42
Assets derecognised or repaid (excluding write offs)	109	-	-	109
At 31 December 2022	151	-	-	151

Total exposure by geographical region

The following table shows the total exposure by geographical region:

	Cash balances with central banks and due from banks	Trade receivables	Debt instruments	Derivative financial instruments	Total
	£'000	£'000	£'000	£'000	£'000
31 December 2023					
Europe	165,304	761	30,480	216	196,761
GCC Countries	7,164	17,773	-	-	24,937
Other including USA, Middle East & Asia	9,231	2,222	27,8977	-	39,349
	181,699	20,756	58,377	216	261,047

	Cash balances with central banks and due from banks	Trade receivables	Debt instruments	Derivative financial instruments	Total
31 December 2022	£'000	£'000	£'000	£'000	£'000
Europe	51,609	334	13,405	83	65,429
GCC Countries	7,699	9,323	828	-	17,850
Other including USA, Middle East & Asia	7,807	5,061	15,309	-	28,176
	67,115	14,717	29,542	83	111,456

Counterparties by external ratings

The following table shows the split of counterparties by external ratings, where available:

	2023	2023	2022	2022
	Financial Institutions	Corporates and Others	Financial Institutions	Corporates and Others
Aaa to Aa3	10	-	2	1
A1 to A2	16	-	4	2
B1 to Baa3	27	-	10	3
Caa1 to Ca	7	-	1	-
Not rated	29	42	3	1

Credit quality of counterparties

The following table shows the split of credit quality of counterparties:

	Investment Grade	Non-investment grade	Not rated	Total
31 December 2023	£'000	£'000	£'000	£'000
Cash at Bank	165,711	4,877	11,111	181,699
Debt instruments	58,376	-	-	58,376
Trade receivables	-	-	20,756	20,756
Total assets	224,087	4,877	31,867	260,831

	Investment Grade	Non-investment grade	Not rated	Total
31 December 2022	£'000	£'000	£'000	£'000
Cash at Bank	52,345	4,735	10,035	67,115
Debt instruments	29,542	-	-	29,542
Trade receivables	4,402	-	10,315	14,717
Total assets	86,289	4,735	20,350	111,373

30. Impairment of financial assets

The table summarises the expected credit loss and the associated impairment included in the financial statements at year end

	ECL			Total £'000
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	
2023				
Cash and cash equivalents*	41	-	-	41
Debt instruments at amortised cost	205	-	-	205
Trade receivables	24	-	-	24
At 31 December 2023	270	-	-	270

	ECL			Total £'000
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	
2022				
Cash and cash equivalents*	27	-	-	27
Debt instruments at amortised cost	106	-	-	106
Trade receivables at amortised cost	18	-	-	18
At 31 December 2022	151	-	-	151

* This is part of cash and cash equivalents but excluding cash at vaults

Impairment allowance is shown in the table below:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
2023				
ECL allowance as at 1 January 2023	151	-	-	151
New assets originated or purchased	119	-	-	119
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2023	270	-	-	270

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
2022				
ECL allowance as at 1 January 2021	42	-	-	42
New assets originated or purchased	109	-	-	109
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2022	151	-	-	151

Impairment allowance based on credit ratings is shown in the table below:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
2023				
Aaa to Aa3	60.7	-	-	60.7
A1 to A3	17.8	-	-	17.8
Baa1 to Baa3	142.3	-	-	142.3
Ba1 to Ba3	1.5	-	-	1.5
B1 to B3	1	-	-	1
Caa1 to Caa3	5.1	-	-	5.1
Not rated	41.6	-	-	41.6
Total	270	-	-	270

2022	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Aaa to Aa3	17.9	-	-	17.9
A1 to A3	25.1	-	-	25.1
Baa1 to Baa3	44.3	-	-	44.3
Ba1 to Ba3	0.1	-	-	0.1
B1 to B3	22.8	-	-	22.8
Caa1 to Caa3	4.5	-	-	4.5
Not rated	35.9	-	-	35.9
Total	151	-	-	151

Impairment allowance for trade receivables is shown in the table below:

2023	Days past due		Total
Provision matrix	0-30 Days	Over 30 Days	
Expected credit loss rate	0.12%	100%	
Estimated total gross carrying amount at default (£'000)	20,756		20,756
Expected credit loss (£'000)	24		24

2023 Credit exposure by ECL Stages of all categories of financial assets in scope of IFRS9:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Aaa to Aa3	171,157	-	-	171,157
A1 to A3	23,234	-	-	23,234
B1 to Baa3	31,101	-	-	31,101
Caa1 to Caa3	3,473	-	-	3,473
Not rated	31,867	-	-	31,830
	260,832	-	-	260,832

2022	Days past due		Total
Provision matrix	0-30 Days	Over 30 Days	
Expected credit loss rate	0.12%	100%	
Estimated total gross carrying amount at default (£'000)	14,717	-	14,717
Expected credit loss (£'000)	18	-	18

2022 Credit exposure by ECL Stages of all categories of financial assets in scope of IFRS9:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Aaa to Aa3	59,955	-	-	59,955
A1 to A3	10,712	-	-	10,712
B1 to Baa3	11,663	-	-	11,663
Caa1 to Ca	3,516	-	-	3,516
Not rated	25,527	-	-	25,527
	111,373	-	-	111,373

31. Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The ultimate responsibility for liquidity risk management and for setting the Bank's Liquidity Risk Appetite rests with the Board of Directors, with the ALCO having responsibility to build an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements on a day-to-day basis. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Bank's Internal Liquidity Adequacy Assessment Process (ILAAP) document sets out the details of its approach to measuring, monitoring and controlling liquidity risk. Liquidity management is carried out by ALCO, within the parameters set out in the ILAAP. To guard against the liquidity risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. In addition, the Bank holds and maintains highly liquid assets in form of cash in vaults.

The table below summarises the maturity profile of the Bank's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date.

	Carrying amount	Gross Contractual cash flows	Within 1 year	1 year to 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
31 December 2023					
Assets					
Cash and bank balances	181,658	181,658	181,658	-	-
Debt instruments at amortised cost	58,172	58,172	41,152	17,020	-
Debt instruments at FVTPL	23,924	23,924	23,924	-	-
Accounts receivable and other assets	24,844	24,844	24,844	-	-
Derivative financial instruments	216	216	216	-	-
	288,814	288,814	271,794	17,020	-
Liabilities					
Trade and other payables	9,465	9,465	9,465	-	-
Due to customers	234,882	234,882	226,638	8,244	-
Other liabilities	5,677	5,677	5,677	-	-
Derivative financial instruments	16	16	16	-	-
	250,040	250,040	241,796	8,244	-
	Carrying amount	Gross Contractual cash flows	Within 1 year	1 year to 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
31 December 2022					
Assets					
Cash and bank balances	74,856	74,856	74,856	-	-
Debt instruments at amortised cost	29,542	29,542	22,356	7,185	-
Accounts receivable and other assets	14,272	14,272	14,272	-	-
Derivative financial instruments	74,741	74,741	74,741	-	-
	193,410	193,410	186,225	7,185	-
Liabilities					
Trade and other payables	5,742	5,742	5,742	-	-
Due to customers	73,627	73,627	73,627	-	-
Other liabilities	4,992	4,992	4,992	-	-
Derivative financial instruments	80,870	80,870	80,870	-	-
	165,231	165,231	165,321	-	-

32. Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices. The Bank does not have a trading book and therefore all market risk arises on non-trading (Banking) book activity.

The Bank's risk management strategy for its Banking book is different for each of the following categories of market risk and is set out in the subsequent subsections of this note:

- foreign exchange risk
- interest rate risk
- price risk

Foreign exchange risk

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Most of the Bank's activities fall into one of two currencies: GBP and USD. However, the Bank has business interests in a number of different geographic regions and thus additional foreign currency positions are held. The Bank identifies foreign exchange rate risk as the risk to future cash-flows from adverse foreign exchange movements. This can have an impact on both the earnings and economic value of the Bank and as a consequence, the Board seeks to manage these risks to ensure the achievement of its business objectives.

The Board has set limits on positions by currency including foreign exchange positions and hedges. In accordance with the Bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

Risks are managed by ALCO through monitoring of limits and restricting product exposures. Management Information Systems are in place to measure foreign exchange risk, which is measured as the estimate of the exposures/liabilities accepted in non GBP currencies which are not offset by a corresponding position or derivative transaction.

The table below analyses the effect of a 5% movement of GBP against USD and other currencies with all the other variables held constant on the statement of comprehensive income and on the equity. The analysis assumes that the currency exposures are unhedged, which is not the case.

Currency	Net Open positions		Change	Impact on equity (Increase)/Decrease	
	2023	2022		2023	2022
	£'000	£'000		£'000	£'000
USD	28,405	35,310	4%	1,420	1,766
Others	3,100	6,052	3%	155	302

Interest rate risk

The Bank is exposed to limited interest rate risk, which can result from repricing of interest rates on mismatched positions. The Bank collects deposits which are then deployed into cash or debt instruments. Deposits can be either instant access, fixed term or notice period. Interest payable on instant access deposits is primarily variable whereas interest on term deposits and notice accounts are locked in for the term. Interest receivable on cash is variable whilst interest receivable on debt securities is fixed.

The Bank manages interest rate risk through monitoring of interest rate gaps at various sensitivity scenarios. An Interest Rate Risk in the Banking Book (IRRBB) model calculates potential impact on equity of sensitivity scenarios. The largest loss on economic value of equity (EVE) calculated at 31 December 2023 from six prescribed scenarios resulted in 1.27% EVE.

Price risk

Market pricing risk arises on financial assets held at Fair Value Through Profit and Loss. The Bank holds debt instruments in the form of Money Market Funds which are recognised at FVTPL. The Money Market Funds (MMF) are lower risk and highly liquid, they are mainly invested in high quality debt products, such as sovereign bonds,

Due to the nature of the underlying assets in these MMFs volatility in the price of the instruments is unlikely to occur. A 2% drop in the price of a MMF would result in a £478,000 loss.

33. Operational risk

Operational risk is the risk of loss arising from human error, fraud, and control or system failure. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. Monitoring and reporting of operational risk is through OpCo which reports to EXCO.

The Bank has implemented a corporate governance and control mechanism to prevent potential operational risks. It actively manages operational risk in accordance with regulation and guidance from the regulatory bodies.

34. Related party transactions

During the year ended 31 December 2023, the bank undertook various transactions and held balances with affiliated entities in the iFAST Group, the details of which are disclosed below.

Cost recharges

Certain costs are recharged by the Bank to iFAST Group companies and similarly costs incurred by iFAST Group on behalf of the Bank are charged back to the Bank. The costs by entity are shown below:

		31 December 2023 £'000	31 December 2022 £'000
Costs recharged to/(by)	iFAST Financial Pte. Ltd	(58)	378
Costs recharged to/(by)	iFAST Corporation Ltd	(439)	(22)
Costs recharged to/(by)	iFAST Malaysia	(231)	-
Costs recharged to/(by)	iFAST Corporation Ltd	741	-
Total costs recharged to/(by)	iFAST Group	<u>13</u>	<u>356</u>
Amount due from/(to)	iFAST Financial Pte. Ltd	-	88
Amount due from/(to)	iFAST Malaysia	159	-
Total amount due from/(to)	iFAST Group	<u>159</u>	<u>88</u>

Cash deposits

During the year the Bank held cash deposits for iFAST Group companies on either an overnight or fixed term basis. Interest was paid on an arm's length basis. The details of deposits and interest are shown in the table below.

			31 December 2023 £'000	31 December 2022 £'000
iFAST Nominees (HK) Limited	Deposit	Overnight	4,744	4,166
iFAST Nominees (HK) Limited	Deposit	Fixed term	500	500
iFAST Nominees (HK) Limited	Total Deposits		<u>5,244</u>	<u>4,666</u>
iFAST Financial Pte. Ltd	Deposit	Overnight	9,613	9,152
iFAST Financial Pte. Ltd	Deposit	Fixed term	6,287	-
iFAST Financial Pte. Ltd	Total Deposits		<u>15,900</u>	<u>9,152</u>
iFAST Nominees (HK) Limited	Interest	Payable	27	6
iFAST Financial Pte. Ltd	Interest	Payable	250	2
Total interest payable			<u>277</u>	<u>8</u>
			2023 £'000	2022 £'000
iFAST Nominees (HK) Limited	Interest	Charged	149	18
iFAST Financial Pte. Ltd	Interest	Charged	563	74
Total interest expense in year			<u>712</u>	<u>92</u>

Debt instruments

During the year the Bank purchased debt instruments through iFAST Financial Pte. Ltd. and held cash in an investment account to facilitate the purchases, utilising the iFAST Group ecosystem and investment platform.

During the year iFAST launched an Enhanced Liquidity Fund (ELF) on its platform, the Bank invested US \$3m into the fund and is also a participant in receiving funds as a constituent part of the fund portfolio.

		31 December 2023 £'000	31 December 2022 £'000
Cash held in investment account	iFAST Financial Pte. Ltd	138	2,844
Interest earned on cash during year	iFAST Financial Pte. Ltd	18	2
Brokerage fees paid during year	iFAST Financial Pte. Ltd	8	23
Investment in iFAST ELF	iFAST Enhanced Liquidity Fund	2,410	-
Deposits received through ELF	iFAST Enhanced Liquidity Fund	7,072	-
Return on investment in fund	iFAST Enhanced Liquidity Fund	68	-

There were no other related party transactions during the year.

35. Parent undertaking

At 31 December 2023, the Bank's shares were 100% owned by Eagles Peak Holdings Limited, a UK company registered under company number 13045848.

Eagles Peak Holdings Limited is majority owned (89.51% at 31 December 2023) by iFAST Corporation Limited, a Singapore incorporated firm listed on the Singapore Exchange (SGX). Consolidated financial statements are prepared by iFAST Corporation and are filed in Singapore and publicly available through iFAST Corporation's website (www.ifastcorp.com).

36. Events after reporting date

On 19th and 28th March 2024 iFAST Corporation Limited subscribed for additional shares in Eagles Peak Holding Limited, the Bank's immediate parent company. The subscription increased iFAST Corporation Limited's ownership share of the Bank to 91.29%.

There are no other events after the reporting date that require disclosure in these financial statements.



iFAST Global Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

iFAST Global Bank Limited
Registered in England and Wales,
company number 4797759.

Registered Office:
9th Floor, South Quay Building
77 Marsh Wall, London E14 9SH,
United Kingdom.

Financial Services Register number:
716167.
