CAB | PAYMENTS

CAB Payments Holdings plc
Annual Report and Accounts
2023

Strong record of financial growth…

VISION

Empower communities and partners by moving money everywhere it's needed

VALUES

Integrity

Collaboration

Impact

Client focus

TARGET
5%
of financial flows into Emerging Markets by
2027

MISSION

Connecting emerging markets to the global economy through our unparalleled network, cutting-edge technology, and deep expertise in Foreign Exchange (FX) and payments.

For more examples / **Page 13**

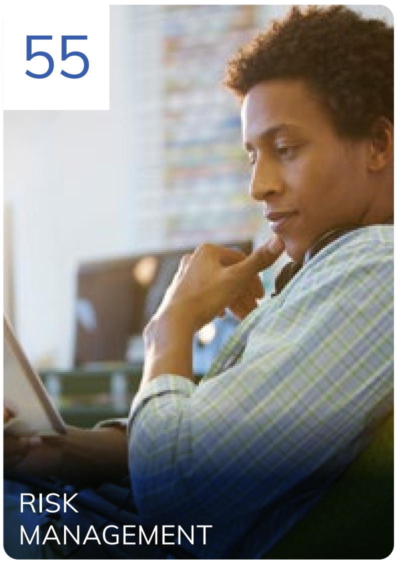
…uniquely placed to capture share of a large addressable market.

What's Inside

Overview

For the latest investor relations /
www.cabpayments.com/#investors

Strategic Report



Governance Report

See our sustainability report /
www.cabpayments.com/#sustainability

Financial Statements

Appendix

Our 2023 Highlights

CAB Payments

Strong financial performance underpinned by a focus on serving clients

FINANCIAL HIGHLIGHTS

Gross Income[1]		Adjusted PBT[2]		Adjusted EBITDA[1]	
2023	£137.1m	2023	£58.7m	2023	£64.6m
2022	£109.4m	2022	£49.2m	2022	£55.0m

£137.1m **£58.7m** **£64.6m**

1. See alternative performance measures for definition / **Page 241**.
2. Adjusted PBT is defined as profit from continuing operations before tax and before non recurring operating expenses.

moving money where it's needed…

2023	88%
2022	91%

Operating Free Cash Flow

88%

2023	509
2022	456

Unique Active Clients

509

2023	110
2022	99

Number of Currencies Offered

110

See our key performance indicators / **Page 26**

At a Glance

CAB Payments uses its strength of network, technology, and expertise to seamlessly move money to, from, and across hard-to-reach markets

OUR BUSINESS LINES

CAB Payments Holdings plc and its subsidiaries (CAB Payments or the Group) operate three principal business lines, addressing various combinations of client groups, distribution networks and services:

FX

A real-time trading platform, customised for emerging markets, offered through Empower FX, via the Group's Application Programming Interface (API) or Graphical User Interface (GUI), multi-dealer platforms and the Group's own traders. FX accounts for around 50% of the Group's business.

Payments

An end-to-end, cross-border payments gateway, where the Group routes the funds to a beneficiary's account and converts to a local currency as required. Three distinct platforms are used: Empower Payments (API or GUI), Empower Pensions and Empower Connect (making hard currency payments in the most efficient way). Around 25% of incomes are derived from payment services.

Banking Services

With a heritage that dates back to 1833, the Group contains a UK-regulated provider of FX and cross-border payments that holds a UK banking licence. We offer transaction and deposit accounts, and earn a net interest margin between the rate we pay deposit holders and what we receive in the money markets. Banking contributes around 25% of our incomes.

FX accounts for around

50%

of the Group's business

Around

25%

income is derived from payment services

Banking contributes around

25%

of our income

OUR MARKET

We specialise in the world's emerging markets and hard-to-reach places.

1%-2%

market share

150+

countries

110

currencies

FINANCIALS

From debt repayments and development funds to emergency relief, we are the world's payment partner.

Average payment transaction

£104k

Gross Income

£137.1m

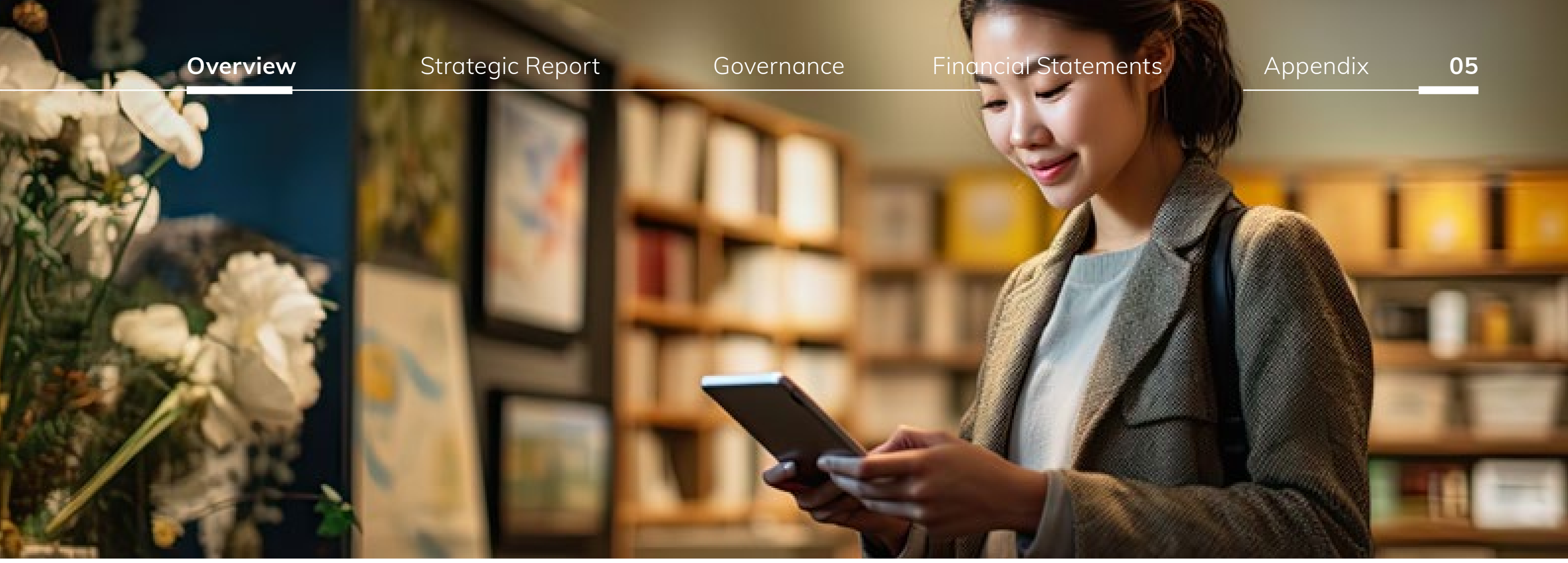
Wholesale FX and Payment FX volumes 2023

£34.7bn

Annual Income Growth

25%

1 See alternative performance measures for definition / **Page 241**.



WHO WE SERVE

We provide our services to four key client segments:

Non-Bank Financial Institutions (NBFIs)

Fintechs and other licensed financial services companies, including high street and online remittance companies, payroll providers and pension administrators.

International development organisations (IDOs)

Multilateral, Government and Non-Governmental Organisations (NGOs) who send aid and run development programmes in the world's most challenging environments.

Emerging Market Financial Institutions (EMFIs)

Banks headquartered in non-G20 markets who provide cross border payments to corporations and people in these markets.

Major Market Banks (MMBs)

Banks headquartered in G20 markets who provide cross border payments to corporations and people in these markets.

Our income is well diversified, with no one client representing more than

7%

ON THE GROUND, GLOBALLY

25
central banks

121
local accounts

331
FX, pricing and liquidity partners

c.200
years of integrity and trust

Investment Case

How we are delivering long-term success

The Group is a significant and growing operator in a large and expanding market and has excelled to this point due to the strength of its financial and technology network, along with strong global relationships, with both partners and clients.

Large, fast-growing market

The payments and FX markets are undergoing a favourable structural shift from local banks to global specialists.

1%-2%

Market share

For more information / **Page 23**

High-quality client base

Our highly diversified international client base includes leading banks, development organisations and fintechs.

509

Active clients (53 new in FY23)

For more information / **Page 20**

Underpinned by Environmental, Social and Governance (ESG) leadership and social impact

£3.1bn

of aid flows in FY23

See our sustainability section / **Page 28**

Global payments and licensing infrastructure

We collaborate with an extensive partner network with global coverage to give market-leading emerging market footprint.

331

Local and regional bank accounts, FX settlement partners and liquidity providers

For more information / **Page 19**

Market-leading proposition/ platform

Our solutions are delivered through a well-invested scalable technology platform purpose-built for clients paying money into emerging markets.

80%

Digital channels for FX

For more information / **Page 22**

Compelling economics

Our financial performance is driving market-leading growth, profitability and cash generation.

£137.1m

Gross income[1]

£64.6m

Adjusted EBITDA[1] in FY23

For more information / **Page 51**

1. See alternative performance measures for definition / **Page 241**.

Chair's Statement

A year of resilience, strength and purpose

Ann Cairns
Chair

Biography / **Page 72**

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

The Group can trace its history back at least 200 years and has become a vital part of a financial support eco-system. In 2023 alone, CAB Payments moved c.£9.3 billion to developing economies to support humanitarian aid, financial inclusion and remittance flows to local populations.

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

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

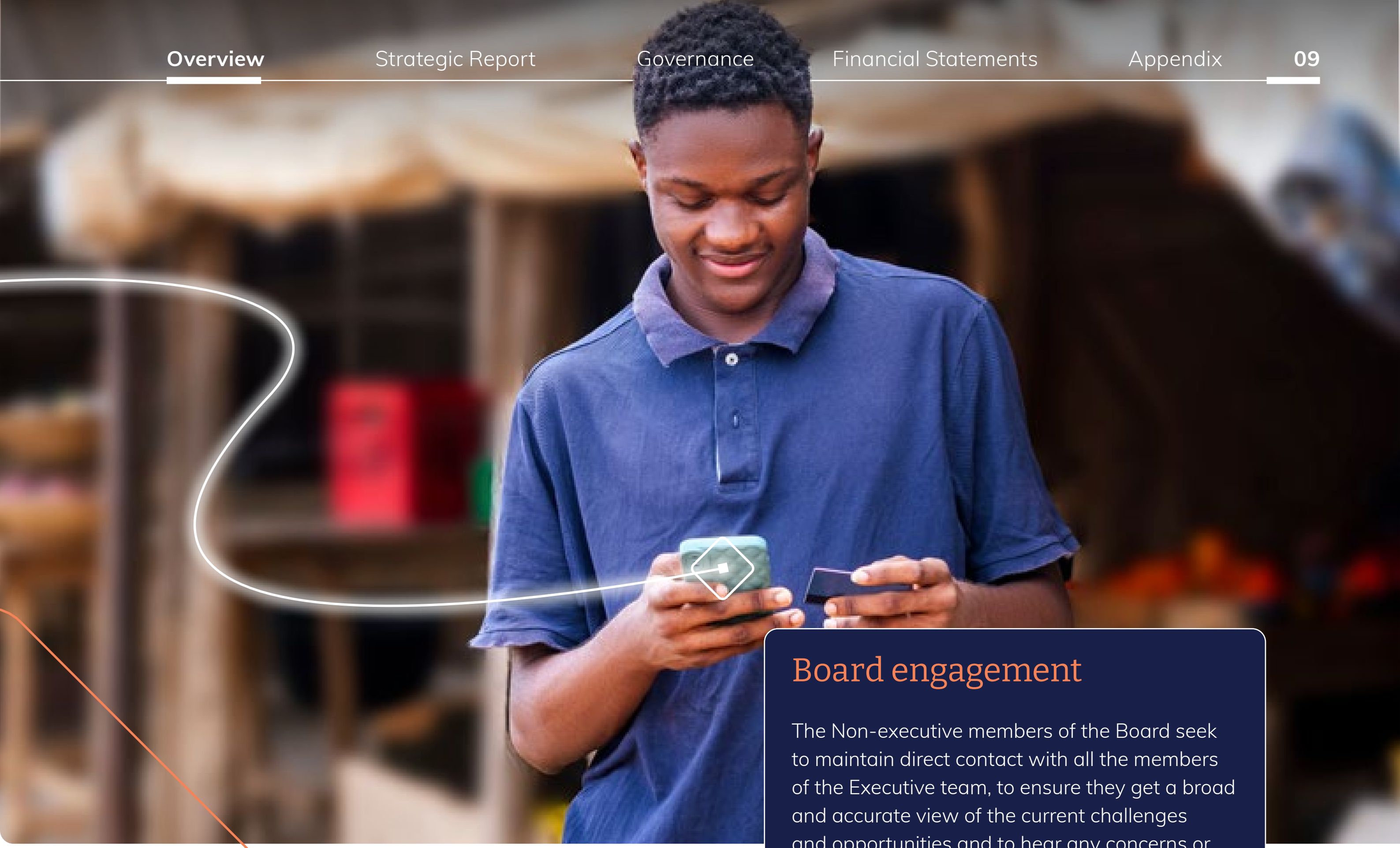
We remain focused on delivering the potential of CAB Payments and are very confident about the value this business is uniquely positioned to create.

Board and Governance

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

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

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



Board engagement

The Non-executive members of the Board seek to maintain direct contact with all the members of the Executive team, to ensure they get a broad and accurate view of the current challenges and opportunities and to hear any concerns or suggestions each individual has to offer.

More on Governance / **Page 70**

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

Capital Allocation

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

Looking Forward

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

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

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

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

Ann Cairns
Chair
25 March 2024

Strategic Report

Moving money from a

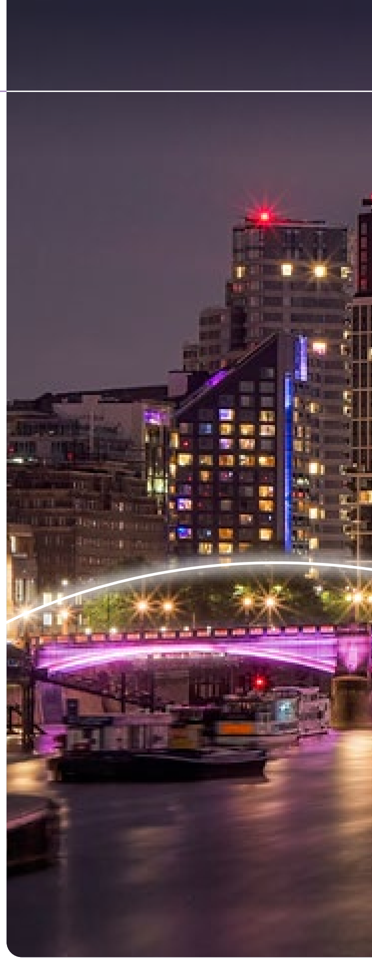
single platform...

…to 100+ currencies

in 600+ currency pairs

Chief Executive Officer Review

An emerging success story



Bhairav Trivedi
Chief Executive Officer

Biography / **Page 72**

Strategic Context

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

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

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

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

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

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

Business Performance

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

Supporting vital aid

An explosion occurred on 7 December 2023 at an explosives depot on the island of Mahé in the Seychelles, south of the capital Victoria. The blast damaged numerous structures. The explosion took place during heavy flooding in Seychelles that killed three people; a state of emergency was declared following both events. The Central Bank of the Seychelles needed to channel emergency aid, and they put out a flyer to aid organisations to help them route aid. CAB Payments provided the infrastructure to send GBP, EUR and USD, ensuring the timely and inexpensive arrival of aid.

Importantly, the transactional Wholesale FX and Payments FX income excluding the Naira, grew by 28%.

Income growth overall and in Payments and FX

In the year, Group gross income was ahead of the previous year by 25% at £137.1 million (2022: £109.4 million). Within this, we did experience some weakness in the second half of the year, particularly in the fourth quarter, with interventions in two of our key currency corridors. Income in the first half of the year came in at £71.8 million (H1 2022: £37.0 million) and declined in the second half of the year to £65.3 million (H2 2022: £72.4 million) with, as mentioned, the fourth quarter not delivering as expected, and the Nigeria Naira (NGN or Naira) corridor significantly down year-on-year, as was forecast at the time of the IPO in July 2023. Naira income was down in 2023 to £18 million (2022: £27.5 million), with £15.2 million of this coming in the first half. This was more than offset by the increase in net interest income from cash management, which delivered £31.7 million in the year, up from £10.1 million in 2022.

Importantly, the transactional Wholesale FX and Payments FX income grew by 7% year-on-year to £88.4 million (2022: £82.8 million); excluding the Naira, which experienced well-documented elevated conditions in 2022, the growth rate would have been 28%.

Robust profitability and cash flow generation

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

We continued to invest in the business throughout the period, reflecting our confidence in the growth potential of the Group over the medium term.

1 See alternative performance measures for definition / Page 241

Chief Executive Officer Review continued

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

Stable Business Model Focused on Areas of Commercial Advantage

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

In 2023, we added some significant clients. Specific client relationships and identities are often considered commercially confidential, but it is also important to be able to help our stakeholders understand the general prestige of those who choose to trust CAB Payments with their business. In 2023, we onboarded many high-quality clients, including Barclays, Inpay, Plan International and SNV Global, joining such institutions as Save the Children International, the Norwegian Refugee Council and PagoNxt/ Santander. We are confident they will go on to be important and valuable long-term relationships. We are in negotiations with several major financial institutions and expect some of these to begin operating with CAB Payments in the very near future. Successful progress in this client segment will be an important driver of growth in the coming years.

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

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

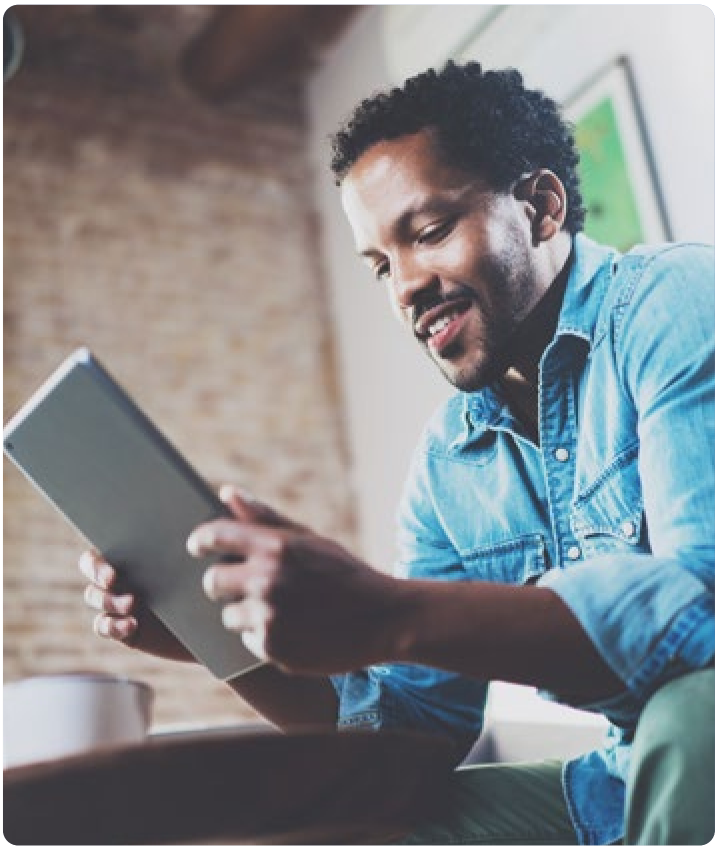
CAB Payments continued to extend its client and network reach during the year. This extension will, over time, provide a greater level of diversification and growth potential.

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

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

Looking Forward

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



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

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

Bhairav Trivedi
Group Chief Executive Officer
25 March 2024

Our Business Model

Moving money where it's needed

What we do and how we do it

OVERVIEW

CAB Payments streamlines emerging market flows resulting in quicker and better performance than the incumbent SWIFT network.

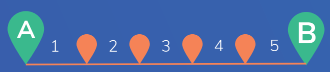
Our key resources and relationships

- We have a wide range of clients who send money to emerging markets – banks, supranationals, fintechs and governments.
- We have an extensive network allowing us to send money quickly, cheaply, and reliably.
- We have a best-in-class platform that allows us to seamlessly connect our clients and our network.

We enable critical payment flows into emerging economies...

Traditional SWIFT

Traditional - multiple hops based on regional bilateral arrangements



CAB | PAYMENTS

We use a single hop using dedicated emerging market infrastructure

WHAT MAKES CAB PAYMENTS UNIQUE:

- Holds a Banking Licence
- Focused on emerging markets
- B2B only – no retail clients
- Focused on larger transactions

...through our leading FX and Payments platform

Creating value for our stakeholders and delivering positive social impact

DELIVERING FOR OUR CLIENTS

Cost : competitively priced

Speed : faster payments

Reliability : professional and extensive emerging markets network

Trust : UK-regulated bank with strong heritage

Ease : can instruct through API, file transfer or SWIFT

Transparency : ability to track payments throughout journey

DELIVERING FOR OUR INVESTORS

25%
Income growth

£64.6m
Adjusted EBITDA[1]

DELIVERING FOR OUR EMPLOYEES

50%
Ethnically diverse employees

40%
Female employees

WE CONTINUE TO SCALE THE BUSINESS TO DRIVE FUTURE LONG-TERM GROWTH

For more details, see our strategy / **Page 18 and our KPIs / Page 26**

PROVIDING CLEARING BACKBONE

to make financial services accessible and formalise financial markets.

£9.3bn
Flows into and out of Low and Lower-middle income countries[2]

STRENGTHENING LOCAL ECONOMIES AND DRIVING FINANCIAL INCLUSION

by allowing remittance and aid flows to be more reliable and cost-effective.

£3.1bn
Development aid flows

£1.8bn
Remittance flows

For more details, see our ESG section / **Page 28**

1 See alternative performance measures for definition / **Page 241**.
2 As defined by the World Bank.

Our Strategy

We have a proven track record of performance...

OUR FOUR STRATEGIC AIMS

NETWORK

Deepen our network globally

Deep global payments and FX infrastructure targeting emerging markets. We have a dedicated team focused on establishing and maintaining payment and FX relationships.

CLIENTS

Target large, new client segments

Highly diversified international base of clients who move money into emerging markets. We have four segments, including developed and emerging market banks, fintechs and development organisations, including multilateral organisations and NGOs.

PLATFORM

Introduce new products and capabilities

Our tech enabled, multi-channel platform was built with the challenges of emerging markets in mind. Its goal is to deliver our network to our clients while minimising time, risk and cost.

MARKET

Large and underserved

We focus on a large market of financial flows into and out of emerging markets. This market is underserved and growing at a faster rate than global GDP. Margins are sustainably high due to the difficulty and perceived risk of the markets.

...and are positioned to deliver at scale going forward.

Deepen our network globally

We have a strong roster of banking partnerships across the globe which allows us to make payments in 110 currencies. The partnerships consist of payment partners and liquidity providers. Payment partners help the Group deliver payments into our chosen corridors. Our Liquidity providers ensure we can competitively price for our clients. Our Banking Partnerships network team onboards, recruits and maintains these partnerships.

Payment partners

We deliver money into 150+ different countries using 110 different currencies. We do this in one of three ways. We either establish a local bank account with a local bank (Direct Nostro) which allows us to make local payments out and have our liquidity partners pay into the account. In markets with Direct Nostros we have full flexibility to source our FX as we wish and typically have good relative performance of delivery of payments. We also have bank accounts with regional or global providers who are able to provide access to geographies where we do not have a local partner (Indirect Nostros). In theory, an Indirect Nostro can be as effective as a Direct Nostro, but in general we prefer to work with local partners who are able to navigate local nuances more effectively. Finally, in some markets, we have FX settlement partners – players who give us access to make local payments, but do not allow us to freely source our local FX.

As of 31 December 2023, we had 171 Nostros (127 Direct), which reflects growth of 23% on 2022,and 47 FX Settlement Partner relationships. Together, this gives us access to 150+ countries and 110 currencies.

Payment Partners End of Year

Liquidity providers

Within our Emerging market portfolio we have a robust portfolio of counterparties who have appetite for inward bound hard currency flows and have local currency for sale which makes us highly competitive when servicing our client base. These are in addition to our Nostro relationships and consequently supplement the already strong pricing we receive from them. The vast majority of our liquidity partners are commercial banks, but we do also get liquidity from select NBFIs and central banks. In our target markets, we ideally have three or more liquidity partners to ensure the ability to source competitive FX rates.

As of 31 December 2023, we had 113 liquidity providers, up from 101 in 2022.

Our Strategy continued

Target large, new client segments

We have 509 clients spread across four major client segments. All four segments have at least one client in the top ten, every one of our top 50 clients from 2022 still trades with us. Our clients are some of the most influential parties sending money into emerging markets including governments, multilateral organisations, fintechs and banks.

IDOs

IDOs include multilaterals, NGOs and development arms of central governments. Most of the flows we facilitate are aid flows, either directly for deployment in the market or for salaries and operational expenses. Typically, they will be to support international development and to finance humanitarian aid. This means that IDOs send large scale periodic payments to some of the world's most challenging environments. Because IDOs tend to make large payments which are aid flows, they want to make sure that there is minimal friction. We help them by ensuring their money arrives as inexpensively as possible.

One client example is an IDO that is a set of intergovernmental organisations with over 37,000 employees across 193 countries. They need to be able to access funds for peacekeeping, humanitarian assistance, and development programmes in all their locations. CAB Payments' proprietary technology is purpose-designed for these markets to reduce both cost and friction, maximising the value of urgently needed funds.

This sharp focus on payment and cost efficiency has made us this IDO's largest FX provider for emerging market currencies, with a tender win-rate well in excess of the next best provider.

Across all our IDOs in 2023, our average volume per unique client was 72 million, and this segment accounted for 26% of our income.

NBFIs

NBFIs are typically financial services technology businesses (fintechs) notably remittance companies, payments business and FX brokerages. As financial players, NBFIs have a frequent and consistent need for FX and payments services. Some of our NBFI clients make large wholesale FX transactions to manage their balance sheet, and others use us for back-to-back client payments. As both a bank and an aggregator, the Group brings immediate scale and regulatory support.

One of our NBFI clients serves corporate clients across 140 currencies in 200+ countries. We are able, drawing on our network and liquidity, to deliver services more competitively than their historical banking partners in 22 of those markets between 2022 and 2023. This has led the client to increase volumes with the Group by 314%. Clients include several of the largest remittances players in the world.

Overall, the NBFI segment contributes around 31% of the Group's income.

EMFIs

EMFIs are banks headquartered in emerging markets. Clients include both regional and local commercial banks, and correspondent banks. We have a significant presence in the Caribbean, the Pacific Islands, sub-Saharan Africa and in other regions. The Group's relationships with financial institutions in emerging markets dates back to day one of our business. EMFI clients use the Group to access global clearing systems and to make payments on behalf of their clients in USD, GBP and EUR. Flows from these clients go the opposite direction of our other clients – from emerging to developed markets.

One such client is the central bank of one of Africa's ten most populous nations which is responsible for facilitating repayment of its foreign debt. Working with the Group has enabled it to make payments against the sale of local currency, while protecting its foreign reserves at a time when import bills are at historic highs. In turn, the Group has captured flows in this corridor from the development sector that were previously lost to competitors.

During 2023, the client placed payment volumes totalling $916 million and overall the EMFI segment contributed 39% to our income.

MMBs

MMBs – banks who are headquartered in G20 markets – is our newest segment. Banks see us as a cure for the headaches that are associated with sending money via traditional bilateral arrangements into emerging markets. Clients already include some of the largest banks in the world.

This results in high cost, high perceived risk and a lack of certainty and transparency. MMBs use the Group because we are a trusted professional counterparty in these challenging markets.

Given the demonstrable cost and logistical advantages we offer, one such global bank that was onboarded in late 2021 steadily increased its use of the Group's products and services and more than doubled volumes between 2022 and 2023 to £117million.

During 2023, the MMB segment contributed 4% to our income.

509

clients spread across four major client segments

Our Strategy continued

Introduce new products and capabilities

CAB payments have three main product offerings. Clients who trade (typically large ticket) FX for delivery into their own accounts. Clients who use our services to deliver money to third parties are deemed to be payment clients. We also have clients who wish to use us for our Banking services, consisting of access to USD, GBP and EUR clearing, the provision of bank accounts for making payments and holding deposits as well as trade finance.

All three of our product lines grew in 2023, although banking improved the most due to increases in both high quality liquid asset balances and central bank interest rates, whereas payments and FX were most effected by NGN drops.

CAB Payments has three main EM product platforms, each with a distinct value proposition:

EMPOWER FX

Real-time access to competitive FX

- Desktop and mobile **trading platform** to manage FX exposures and monitor market fluctuations
- **Real-time** data feeds and **competitive pricing.** CAB Payments can cover many currencies which are rarely quoted
- **API – enabled** solution with third-party integration

EMPOWER BANKING

Clearing, payments and deposits

- **Access to global clearing**, notably USD/GBP/EUR for emerging markets players who struggle to find partners; we help ensure client risk processes are compliant
- **Safe haven** for foreign currency deposits including interest bearing time deposits
- Payments traffic **largely same- currency payments** today, but we are helping clients to send payments more effectively using local currency

EMPOWER PAYMENTS

Multichannel emerging markets payment platform

- **Competitive payments pricing** and unique settlement capabilities, including last-mile (SWIFT, local bank, mobile); world class anti-financial crime capabilities
- **Multi-channel delivery** including SWIFT, e-banking and API-enabled solution that supports cross-border payments to the long tail of emerging markets
- **Multi-currency accounts** enabling payments to be made in a vast array of currencies from a single base-currency account

MARKET

Underserved and growing fast

Emerging markets payments and FX are the core of CAB Payments. We help deliver funds into and out of the long tail of emerging markets. Across the geographies, markets tend to fall into two categories: sending, (involving payments sent from developed nations), and receiving, (often by emerging economies receiving significant sums that are urgently needed).

We consider our target market to be monetary flows into and out of the 'long tail' of emerging markets.

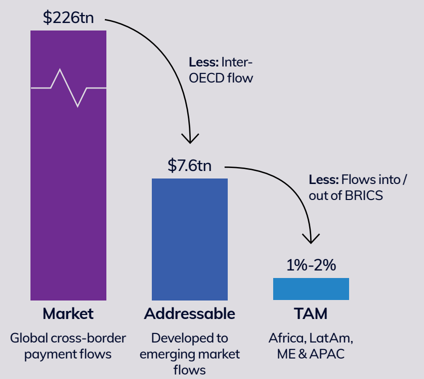
The global cross-border payments market is over $200 trillion in flows. Roughly $8TN of these flow into emerging market countries. Roughly 20% of this is flows into and out of countries where we focus, our Target Addressable Market (TAM). Based on SWIFT data, we estimate that CAB Payments flows are between 1% and 2% of the flows into these markets. We believe this puts us in line with the top players in this market. Our share has increased over time as we outgrow the market.

Delivering funds into emerging markets is complex. They require relationships with central and local banks and deep knowledge of local regulatory requirements. Allowing flows out of these markets requires a world-class risk management, notably anti-money laundering expertise. CAB Payments has scale in these operations and specialises in these unique skills, meaning we can do it more effectively and with less risk.

There is a structural shift from traditional bilateral banking relationships, because of these complexities and the fact that most banks are subscale. This shift is to specialist players who have the expertise and scale to make these markets safe. Primary research undertaken by the company in 2022 and 2024 indicates that businesses and banks are increasingly using specialists to move their money and this trend is likely to continue for the foreseeable future. This means that specialists, as a category, are outgrowing the underlying market by 10-15% per annum.

Unlike the largely commoditised payment systems for G10 nations and currencies, emerging markets have high barriers to entry and higher margins. CAB Payments' margins reflect the fact that we aggregate hard currency flows into emerging markets, making us one of the largest sources of hard currency in our chosen markets. This, in turn, allows us to maintain a deep network of liquidity providers, ensuring we always have competitive rates. The network effect means we can achieve good margins while giving our clients the best rates.

Large Addressable Market



Source: Primary research, CAB Payments projections

Strategic Progress

NETWORK

Deepen our network globally

2023 represented solid progress in building our emerging market network of payment and FX partners:

- We enhanced our delivery network with a continued investment in people, skills and technology.
- We deepened our footprint with five new countries in Eastern Europe and four in the Pacific region.
- We grew our partnerships network with additional currencies in various jurisdictions: two in Africa, three in Oceania, five in Eastern Europe/Central Asia and one in South East Asia. 16 additional counterparties were added to strengthen our African liquidity.
- Brazil became a Top 25 corridor based on income with £54 million in flows as we grew nascent geographies.
- Licence applications lodged in order to activate sales functions in Europe and US markets. In anticipation, key leadership personnel are in place.

Our dedicated Network team will continue to build our capabilities in 2024 and 2025:

- Currently focusing on our strong central American aid flow business to build it into a larger Latin American footprint.
- Build our strong position in Middle East North Africa (MENA) into a position of market leadership.
- Fill in smaller market gaps in our delivery coverage.
- Post-licensing, build out sales functions in Europe and US and expand sales globally.

CLIENTS

Target large, new client segments

2023 was a successful year for new business, adding high-quality clients across each of our four segments:

- New IDO clients including Save the Children International, Plan International and Norwegian Refugee Council.
- New major market banks in developed markets. Several new major markets banks in the world top 50 are currently being onboarded, including Barclays and PagoNxt/Santander.
- New emerging market banks include new clients in Africa, South East Asia and the Pacific.
- New NBFIs includes several new top Middle Eastern exchange houses, UK remittance companies and an African payroll business.

Our soon-to-be-opened European and US sales offices will open exciting new markets for the business. In addition, we are looking to scale our major market bank segment, building upon a strong existing pipeline:

- Europe and the US: once licensed, we will be hiring high-calibre sales professionals, allowing us to solicit development organisations and fintechs in these markets.
- Onboarding the pipeline: exciting prospective business includes several of the world's largest banks and financial services businesses who have started the onboarding process.

PLATFORM

Introduce new products and capabilities

We continued to scale and improve our future-facing FX, mobile and banking payments platforms in 2023, as well as strengthening our banking products:

- Expanded volumes and geographies: API transaction volumes more than doubled vs. 2022, with the payment gateway now servicing over 60+ currencies.
- Direct integration now embedded with the clearing system of West Africa.
- 80% of FX fully automated, key for the scalability of the offering. Our flexibility saw an increased offering to 600+ currency pairs, and increasing south-south flows from one emerging market currency to another.
- Deepened systems integration between FX module and the core banking system to increase scalability and enhance risk controls.
- Our overdraft facility (Liquidity as a Service) moved from successful pilot to full operation.

In 2024 and beyond we will continue to develop our platform, focusing on API delivery channels and last mile payments infrastructure:

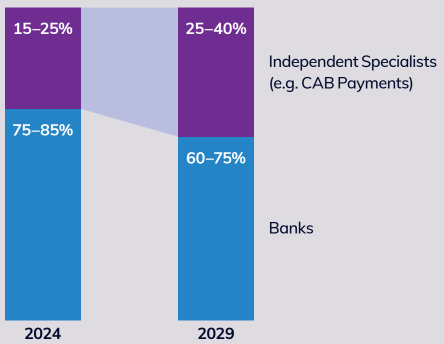
- Rolling out smart routing of USD flows to spread our emerging market risk more effectively across multiple clearing partners.
- Local clearing: continue to integrate local banks into our payment gateway.
- Maximise options with wider access to FX liquidity and broader distribution, through greater interaction with other digital market participants such as prime brokers and electronic currency networks.
- Increase integration between payments and FX platforms in order to create new API-enabled client workflows.
- Launching a pilot for short tenor FX forwards, starting with G20 currencies.
- Launching our avalised promissory note product for trade finance.

MARKET

Underserved and growing fast

- At the close of the reporting year, CAB Payments had over 500 clients using our products and services. All have at least one thing in common: they are high-quality, reputable players in global or national banking, government, NGOs, or global charities. All need to move money, frequently to hard-to-reach places, and often as a matter of urgency.
- Banks have historically accounted for the lion's share (2023: c. 80% to 85%) of cross-border payments to emerging markets, with the remainder handled by specialists such as CAB Payments. This is part of a decline in correspondent banking relationships that started in 2011, as banks prioritise their traditional geographies and the core business of lending. In contrast, they increasingly view FX and payments to emerging markets as having unattractive risk-weighted returns.
- CAB Payments believes that this trend will mimic previous trends in merchant acquiring and speciality lending which have seen incumbent banks cede market share to more focused specialists. On this basis, Banks' market share projected to fall to c. 60% to 75% by 2029.[1]

Structural shift



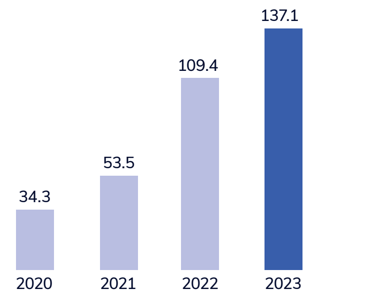
1 Prime Research SWIFT, CAB Payments analysis.

Key Performance Indicators (KPIs)

1. Gross Income

£137.1m

2022: £109.4m



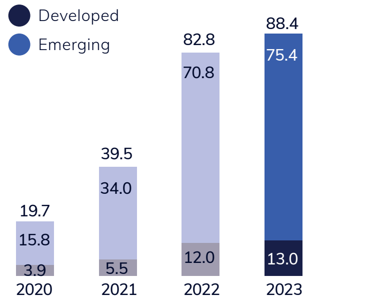
Definition[1]: Total income, net of interest expense.

Performance: 2023 Gross income has grown c. 25% year on year, primarily from our FX and Payments business as a result of widening FX margins and higher net interest income driven by global interest rate rises; this is partially offset by a year-on-year reduction from Naira FX business after a c. 18 month margin dislocation period.

2. Wholesale FX and Payments FX Income[1]

£88.4m

2022: £82.8m



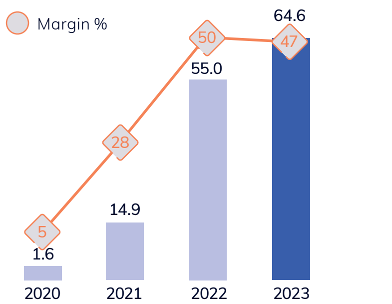
Definition: Wholesale FX and Payment FX income is measured collectively by Group as the underlying economic drivers are the same. The income, volume and margins are all measured and monitored, along with the underlying currencies, to help the Group understand broader income performance.

Performance: 2022 was an out-performing year, driven by the NGN margin dislocation. 2023 demonstrates sustainable underlying income, with headline growth of 7% and excluding NGN growth was 28% driven by increased take rates across Emerging Markets.

3. Adjusted EBITDA and Margin

£64.6m

2022: £55.0m



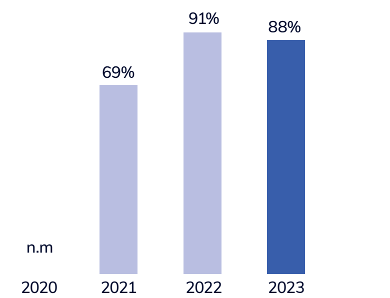
Definition[1]: Adjusted EBITDA is defined as profit before Tax and IFRS16 lease liability interest, depreciation and amortisation and non-recurring operating expenses.

Performance: Adjusted EBITDA has experienced a sharp increase from 2020 as a result of ongoing growth in Wholesale FX and Payment FX volumes and margins. In 2023, the growth slowed down as a result of reduced year-on-year income with Nigerian Naira margins contracting. Adjusted EBITDA margin has reduced 3% from 2022 reflecting the lower than anticipated H2 income whilst the business continued to invest in people and systems.

4. Operating Free Cash Flow Conversion

88%

2022: 91%



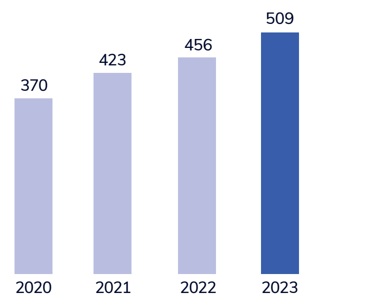
Definition[1]: Operating free cash flow conversion is defined as Adjusted EBITDA before the cost of purchasing property, plant and equipment, the cost of intangible asset additions and the cost of lease payments as a percentage of Adjusted EBITDA.

Performance: Operating Free Cash Flow remains very strong and above our mid term target of >80%. Year-on-year reduction driven by increased level of capital expenditure, as anticipated, as the Business continues to invest in its infrastructure to support future income growth.

5. Number of Unique Active Clients

509

2022: 456



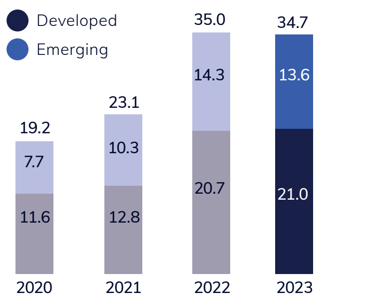
Definition: We have re-defined how client numbers are reported to be unique number of clients, counted at a Group entity level, which contributed income in the preceding twelve months across any of the Group's product offering.

Performance: Ongoing steady increase in income generating clients. In 2023, there was a net increase of 53 new clients, driven by 66 new to Group clients offset by actively disengaging with 13 clients for a variety of reasons. There was a further 41 new clients onboarded in 2023 who have yet to start trading, but are expecting to do so early in 2024.

6. Wholesale FX and Payments FX volumes[1]

£34.7bn

2022: £35.0bn



Definition: The notional value of Wholesale FX and Payment FX trades, including the buy and sell leg, split by Developed and Emerging markets as defined above.

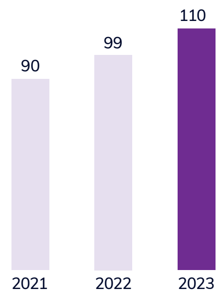
Performance: The business is demonstrating sustainable marked increase in volumes since 2020. 2023 volume growth has been curtailed as a result of various central bank interventions during the course of the year impacting volumes across NGN, XOF, XAF, GHS, MWK and KES at various points of the year.

1 See alternative performance measures for definition / **Page 241**.

7. Number of Currencies Offered

110

2022: 99



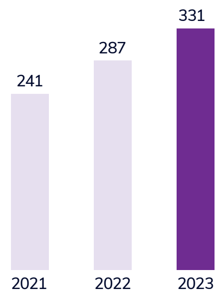
Definition: Currencies where we are able to undertake an FX/Payment transaction.

Commentary: We are committed to expanding our global presence and offering our clients a one-stop shop for FX and payments. Over the course of the last three years we have added 20 currencies to our capability, showcasing our commitment to scalability, client satisfaction, and market leadership.

8. Number of Banking Partners

331

2022: 287



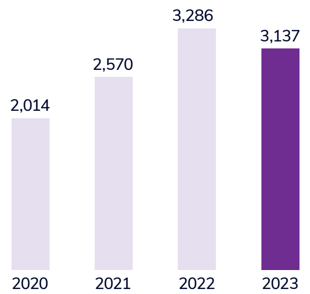
Definition: Total number of our Nostro and Payment Partners as they fortify our global payment capability, and liquidity partners who support our FX specialism.

Commentary: To fortify our global offering we have added 90 banking partners over the last three years. The addition of these partners enables us to continue to offer competitive solutions to our clients.

9. Development Aid flows

£3,137m

2022: £3,286m



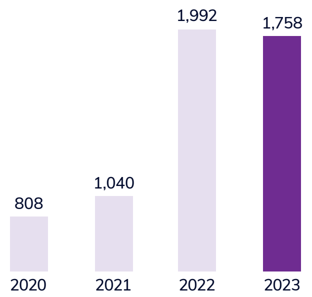
Definition: FX and Cross Currency Payment volumes from developed organisations into Emerging Markets.

Performance: All major development clients continued to use our services in 2023, but some of their aid flows varied, driving a lower total processed volume. Notably reduced flows into Bangladesh and Nigeria accounted for half of the shortfall.

10. Remittance flows

£1,758m

2022: £1,992m



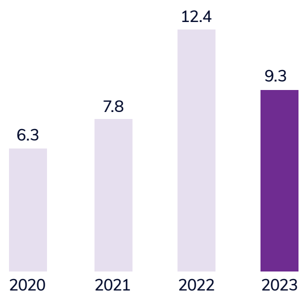
Definition: FX and cross-currency payment volumes into Emerging Markets for NBFI clients specialising in B2C Remittance.

Performance: All major remittance clients continued to use our services in 2023, but variations in their demand accounted for the drop in flows. More than half of the drop was USD flows which we de-emphasised as a corridor for NBFIs.

11. Flows into Lower Income Countries

£9.3bn

2022: £12.4bn



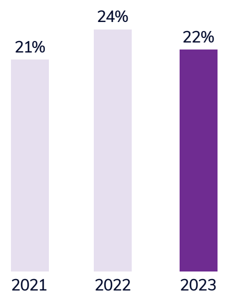
Definition: Commercial banking flows into Low-Income and Lower-Middle-Income countries as defined by the World Bank.

Performance: Decrease of flows into Rwanda, Mali, Uganda, Niger, and the DRC were offset by modest increase in flows into Mozambique, Madagascar, Malawi, Burkina Faso, Chad, Ethiopia, and Togo, reflective of a global shrinkage of flows into emerging markets in 2023.

12. Gender Diversity In Management

22%

2022: 24%



Definition: Number of female Vice President (VP), Senior Vice President (SVP), Director and Executive Vice President (EVP) (excludes Board) as a percentage of all VP, SVP, Director and EVP.

Performance: We have remained vigilant in ensuring equal gender representation in our recruitment and promotion processes. Despite this we have seen a slight reduction in gender diversity in management. In 2023, 60% of promotions into SVP level were female, however, we recognise that with only 20% of promotions to VP level being female, we need to review our succession planning and continue to support them in their progression.

ESG Report

Shaping the Future: Our ESG Journey

Introduction to ESG

With a business that specialises in serving the needs of emerging markets, ESG is central to our day-to-day activities at CAB Payments

This report outlines our strategic ESG direction and initiatives as we enter a new chapter following the listing of the Company on the London Stock Exchange.

Indeed, 2023 was a pivotal year for the Group, securing the EcoVadis Gold Sustainability Rating for a second consecutive year; publicly disclosing our target to be net zero by 2050; and achieving B Corp Certification.

The latter is particularly significant as B Corp recognises organisations that meet the highest standards of verified social and environmental performance, public transparency and legal accountability. This was a key part of navigating the ESG evolution for the Company as the business transitioned to PLC status.

It's been an extraordinary year of transformation and progress. CAB Payments is set on its sustainability and corporate responsibility journey, building on a strong foundation and determined to travel the distance. Our listing on the London Stock Exchange and B Corp certification underscore our unwavering commitment to business growth and ESG."

Bhairav Trivedi
Group Chief Executive Officer

In addition to this external validation of how we have integrated sustainable practices, we have also increased our internal rigour to advance ESG in our business. In 2023 we established a dedicated ESG Board Sub-committee to advise the Board on ESG matters and track our progress. We are also launching an ESG reporting framework as the disclosure landscape becomes ever-more demanding. We expand on these areas in this report.

We believe that a sustainable business is a better business, so we have ambitious ESG aspirations for the Group in 2024. We are focused on continuing to drive ESG value throughout our organisation, working within our B Corp framework to catalyse better practice. Specifically, we will design a comprehensive net-zero roadmap; fully refresh our materiality assessment; and launch comprehensive ESG training initiatives throughout our business.

We will also ramp up activity to communicate the ESG value embedded within CPH, our defined commitments to the environment and society, and our highest standards of governance.

In these pages, please explore our ESG initiatives and join us in shaping a more sustainable and responsible future.

Governance and culture

ESG in the Boardroom

Our ESG principles are championed at the highest level of the Group. We demonstrate our commitment through a dedicated ESG Board Sub-committee, established in 2023. The Sub-committee is vital in over-seeing ESG management and advising the Board on ESG governance. This proactivity reflects the Company's pragmatic and efficient management of ESG, which is essential in a dynamic discipline.

The ESG Steering Committee functions as a central mechanism of day-to-day management, driving ESG change and growth from within. Its members are drawn from a cross-section of the business, bringing a diverse range of core skills, knowledge, disciplines and life experiences to the Group. By establishing an influential committee to drive progress, all business functions can be involved, informed and influence ESG outcomes.

> *"ESG action is not just a facet of CAB Payments, it is central to our identity. Recognising and communicating the considerable value within our operations is essential to grow our value proposition into the future. As we strive towards our ambitious targets, it is imperative to emphasise the progress we have made to date. I am proud to support the impactful work that CAB Payments undertakes and to have been recognised as a B Corp during 2023 validates what has been accomplished."*
>
> **Susanne Chishti**
> Chair of ESG Board Sub-committee

The Board and leadership team are as follows:

The Board

ESG Board Sub-committee

Susanne Chishti (Chair, NED)
Karen Jordan (NED)
Chris Green (CRO)
Charlie Bronks (Head of ESG)

ESG Steering Committee

The ESG Board Sub-committee is not an official committee of the Board but a designated assignment consisting of two CPH Board members: Susanne Chishti, serving as the Chair, and Karen Jordan, as Non-executive Board Members, with Chris Green, the Chief Risk and Compliance Officer (CRO) and senior management team, and Charlie Bronks, Head of ESG, as standing attendees from CAB Payments.

ESG Report continued

Our approach to materiality

In 2021, we conducted our inaugural ESG materiality assessment. The purpose was to define the most vital ESG topics likely to affect and impact the Group and our stakeholders. The outcome formed the foundation of the ESG strategy, designed to focus on the highest ESG priorities.

Material topics - Why this is material to the Group	Stakeholders impacted
Climate change	
We are fully committed to supporting the Paris agreement and aligning with the UN Sustainable Development Goals (SDGs). Decreasing our carbon footprint, successfully transitioning to a low carbon environment and disclosing financial risk relating to climate change are increasingly important to our stakeholders, including investors and regulators. We have an important role to play in managing the impact of our business on climate change. We must mitigate and manage the subsequent risks and opportunities that evolve as a result of climate change, while enabling a thriving and valuable business.	Clients, employees, shareholders, communities, regulatory bodies.
Diversity, equality and inclusion	
The success of CAB Payments is dependent on our people. We strive to provide a safe and inclusive working environment, where differences are embraced and everyone has a platform on which to reach their full potential. This is material so that the Group can continue to attract and retain the best talent, build even better external relationships and engage with the communities where we operate.	Employees, shareholders, communities.
Governance, accountability and risk appetite	
Clear governance and accountability structures are necessary for regulatory compliance, stability and stakeholder confidence. Our ambition is to prioritise strategic decision-making, operational efficiency and best practice risk management to achieve business goals and targets to deliver broad stakeholder value.	Clients, employees, investors, communities, suppliers, industry bodies, regulatory bodies, government.
Local communities	
CAB Payments must use its experience to support and connect hard-to-reach communities. Our work is essential to enable communities, businesses and individuals across the globe to access the international market. The Group strives to provide support for underserved clients across the world.	Clients, employees, communities, suppliers, industry bodies, regulatory bodies, government.
Being transparent	
Integrity is a core value and it is vital that we continue to build trust and credibility, maintain regulatory compliance and manage risk to enhance market confidence and grow business confidence. This provides a competitive edge and aligns with the values the Group seeks to uphold.	Clients, employees, investors, communities, suppliers, industry bodies, regulatory bodies, government.

Our stakeholders: Clients, employees, investors, communities, suppliers, industry bodies, regulatory bodies and government.

2023 ESG highlights

Certified B Corporation

CPH gained B Corp certification

GOLD 2023 ecovadis Sustainability Rating

EcoVadis Gold Rating awarded for the second year running

The Group enabled

£9.3bn

in global commercial flows into Low and Lower-Middle income countries

Strong diversity across the business

Female colleagues

40%

Ethnically diverse employees

50%

Board female composition

60%

CARBON NEUTRAL since **2019**

Dedicated ESG Board Sub-committee established

All **environmental data** externally verified

OnHand Partnership

Developing community engagement

Chosen Charities - Street Child, PEAS and The Royal Marsden Cancer Charity

ESG Report continued

Chris Green
CRO

What is your role?

I am the Group CRO, a Director of Crown Agents Bank Limited (CAB), Executive Committee member, and ESG senior sponsor. With regards to ESG, my role over recent years has been to develop and gain Board level approval for our strategic plans and targets, and senior level leadership of executing against these plans. I am proud of what we have achieved so far and excited about our future plans.

> *Companies that courageously pursue stronger growth and profitability while improving ESG performance deliver superior shareholder returns."*

McKinsey and Company[1]

And why are you invested in ESG at CAB Payments?

I believe that a well-developed ESG strategy makes good business sense and creates long term shareholder value. Through our business activity of moving money where it's needed, we ultimately contribute towards financial inclusion and making a positive social impact. It's also vital to have specialist expertise, so we have a dedicated team, headed up by Charlie Bronks who brings technical ESG expertise to drive our initiatives. So we are well-equipped to lead and navigate the Group's ESG endeavours.

What value does ESG bring to CAB Payments and the shareholders?

ESG is a fundamental driver of medium-to-long-term value at CAB Payments. Our commitment to ESG and externally verified credentials play a vital role in positioning the Group as an employer of choice, significantly enhancing our ability to attract, motivate and retain the best people.

Externally, ESG is important to many other key stakeholders, such as our clients, regulators, governments and central banks. ESG alignment reflects shared values and ensures transparency, high standards and resilience to regulatory changes. This strategic approach also upholds CAB Payments' value proposition and mitigates financial risks associated with climate change.

Why does ESG sit within the risk function at CAB Payments?

Having ESG as part of the risk and compliance function seemed a pragmatic first step to implementing ESG strategic initiatives, driving change and adding value to the business. It also ensures regulatory compliance and a structured approach to constantly evolving standards and regulatory expectations. It helps us to proactively manage risks associated with climate change and supports informed decision-making.

We actively engage all business areas, emphasising the broader strategic nature of ESG. We have established a Group-wide cross-functional Steering Committee and, as with everything, clear communication is critical.

Why did CAB Payments choose to pursue B Corp status?

We were clear we wanted to align our ESG commitment to a globally recognised, externally verified standard. B Corp provided a comprehensive ESG framework, offering a structured route for beginning our ESG journey. The certification acted as a roadmap for integrating sustainable practices across the business and as a platform for external recognition following certification. This validation allows us to showcase our commitment to responsible business practices and highlight achievements in environmental, social and governance initiatives. It reinforces our dedication to sustainability and to realise untapped value across the organisation.

> *Our research suggests that not only can companies do well while doing good; they can perform better because of it."*

Michael Birshan
McKinsey senior partner[1]

1. How do ESG goals impact a company's growth performance? (mckinsey.com)

ESG growth timeline

H2 2023
- CPH listed on the London Stock Exchange.
- Achieved B Corp certification.
- ESG Board Sub-committee established.
- Susanne Chishti appointed Chair ESG Board Sub Committee.
- CSR incorporated into ESG.
- Achieved 2023 5% Greenhouse Gas (GHG) emissions reduction target.

H1 2023
- Second Gold EcoVadis rating achieved.
- ESG preparation for Public Listing.

H2 2022
- Social impact targets established.
- Achieved 2022 5% GHG emissions reduction target.

H1 2022
- Calculated Carbon Emissions for 2019 and 2020.
- Certified carbon neutral for 2019 and 2020.
- Baseline emissions reduction targets established.
- EcoVadis Gold Rating achieved.
- Head of ESG appointed to the UN Global Compact Network UK Board.

H2 2021
- Materiality assessment conducted.
- ESG Strategy developed.
- Baseline data capture.
- Modern Slavery Statement published.
- Submission of B Corp application.

H1 2021
- ESG function created.
- B Corp journey commenced.
- Chris Green appointed as Board and Executive level ESG sponsor.
- ESG Steering Group established.
- Charlie Bronks appointed as inaugural Head of ESG.

ESG Report continued

Our strategic ESG aim:
to reduce inequality throughout society

Inequality comes in many forms, including financial exclusion, poverty, health, education and those most impacted by climate change.

Through a rounded and comprehensive ESG strategy, CAB Payments aims to lead by example in contributing to a more equitable society, both inside and outside our business.

This aim breaks down into three focus areas, each with their own goals and objectives:

2
OUR
Work

We provide access to the financial market which benefits the under-served and hard-to-reach

1
OUR
Organisation

We champion equal rights, diversity and inclusion

3
OUR
World

We contribute to a thriving and resilient planet so that future generations will be able to meet their needs

UNDERPINNED BY
Governance and Culture

Clear Governance structure, with accountability and transparency embedded in our internal and external systems and behaviour

The UN SDGs and the aims of our B Corp certification are interlinked and align with our ESG strategy.

Our strategy contributes to:

SDG 1 – No Poverty by providing access to financial markets for under-served and hard-to-reach locations.

SDG 5 (Gender Equality) and **10** (Reduced Inequalities), championing equal rights, diversity and inclusion.

SDG 13 – Climate Action to support the planet for future generations.

In addition, the Company is focusing on:

SDG 8 – Promote inclusive and sustainable economic growth, employment, and decent work for all.

SDG 12 – Responsible Consumption and Production.

SDG 16 – Peace, Justice and Strong Institutions.

ESG Report continued

1

OUR Organisation

We champion equal rights, diversity and inclusion

Goal: by 2030, CAB Payments will be a Group whose people truly reflect the diversity of the geographies in which we operate. We will recruit, support and empower those who are under-represented in our sector.

Contributing to:

Gender equality

Reduce inequalities

PROGRESS DURING 2023 ACROSS THE FOLLOWING STRATEGIC GOALS

2023 was a milestone for our organisation. Alongside our public listing, our continued growth translates into greater reach and impact, and it is paramount that our staff, policies and processes truly reflect the diversity of our operating geographies. To emphasise this, we publicly champion equal rights, diversity and inclusion.

Our growth has resulted in a sharp rise in the Group's employee count, including new colleagues in the US and the Netherlands. We believe that as we grow, our participation in community and social impact schemes should increase accordingly. In 2023, the Group continued two days of volunteering leave for all staff members, and boosted this initiative by partnering with OnHand; a volunteering platform and partner who we use to help find and record our people's community contributions.

These initiatives are a priority to continue to nurture our culture of inclusion, diversity and equality. Driven by an increasingly diverse leadership team and senior management, our chosen initiatives and goals are aligned to contribute to SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).

TARGETS FOR 2024:

- Female representation in senior management (VP to EVP): 30%.
- Female representation across the Group: 45%.

CASE STUDY

Rolling up our sleeves

We find that people who choose CAB Payments for their career gain a sense of fulfilment from what we help to achieve each day.

So it's not surprising that, under our roof, we have a legion of willing and giving people who enjoy rolling up their sleeves.

This led us to create a partnership with the On Hand volunteering platform, founded by organisations including the NSPCC, Red Cross, RSPCA and MacMillan Cancer Support.

We provide everyone with two days each year to put a line through the diary and take their minds, skills, personalities and muscles to help people and communities who need a helping hand.

It explicitly ties us to looking after our clients, looking after our employees and looking after and considering the wider environment."

Michael Ogazi
Financial Controller and member of the CAB Payments ESG Steering Committee

Additionally, we collaborate with organisations such as Street Child, who operate in over 20 countries around the world like Sierra Leone, Nigeria, Somalia, and Uganda, aiming to ensure that every child has access to high-quality education.

In a similar vein, we're also proud to support PEAS (Promoting Equality in African Schools), campaigning to expand secondary education opportunities for all young people in Africa.

ESG Report continued

2

OUR Work

We provide access to financial markets to benefit underserved and hard-to-reach people and communities.

Goal: broaden and deepen our work to ensure more people, especially those in emerging markets, have equal rights to financial services.

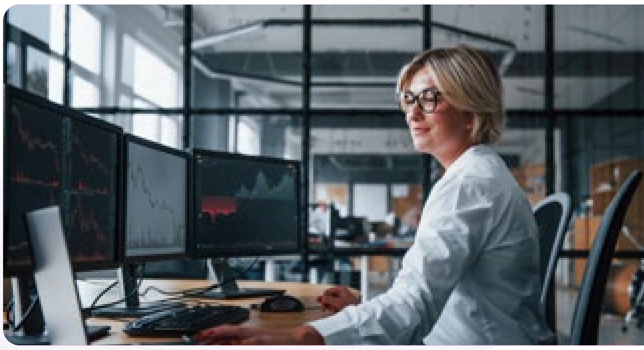
Contributing to:

Eradicate all Poverty

PROGRESS DURING 2023 ACROSS THE FOLLOWING STRATEGIC GOAL

In 2023, CAB Payments launched a supplier code of conduct across our supply base, which included an ESG framework that all our suppliers will need to abide by. Ultimately, this will enable us to measure our wider impact through our supply chain and ensure that we align with partners who share our core values.

Our Head of ESG and Senior Vice President, Charlie Bronks, was appointed to the United Nations Global Compact Network UK Board (UNGCN UK). The UNGCN UK connects UK-based organisations that are part of the UNGC. This global movement is dedicated to driving sustainable working across the business and private sector in the UK, promoting UN SDG-aligned activity.



CASE STUDY

Ringing the bell for Gender Equality

The UNGCN UK joined International Finance Corporation, Sustainable Stock Exchanges, UN Women, The World Federation of Exchanges, and Women in Exchange Traded Funds at Ring the Bell for Gender Equality on International Women's Day 2023. This campaign brought together stock exchanges around the world to ring opening or closing bells to celebrate International Women's Day.

Empowering women in the economy is crucial to achieving the Sustainable Development Goals by 2030. When more women work, economies grow, leading to increased productivity and income equality. Achieving gender equality is not just a matter of justice and human rights but also good business. Gender equality can lead to greater innovation, higher productivity, improved employee engagement and retention, and stronger financial performance.''

Charlie Bronks
Head of ESG, CAB Payments

Ringing the bell for Gender Equality I LinkedIn

CASE STUDY

Chosen by charities

Mobile money has proved to be a lifeline in reaching vulnerable people in Africa, many of whom have no bank account or even the ability to get one.

However, for not-for-profits such as GiveDirectly, the last mile of delivery can be a story of opaque information, delays of urgently needed funds, and a considerable percentage of donors' gifts evaporating in fees. Fraud is also a constant risk.

CAB Payments' Segovia technology is a mobile payments gateway purpose-designed for mobile money transfers. It is fast, secure, cost-efficient and features the transparent reporting that charities need.

GiveDirectly

Moreover, their account is never debited until the system can ensure the payment will reach the intended recipient.

GiveDirectly has also found that working with CAB Payments has delivered a major financial benefit. For example, during lockdown, our bulk transaction technology saved the charity nearly $70,000 – a major sum that meant more funds reached beneficiaries at a critical time.

The knowing that what I'm doing brings genuine benefit to the world, becoming a vehicle of change cements that and enshrines it in everything we do at CAB Payments. Like lots of companies, we benefit our shareholders, but unlike lots of companies, those benefits don't need to come at the expense of society and the environment."

Paddy Howell-Day
Banking and Payment Partnerships Network Manager and member of the CAB Payments ESG Steering Committee

ESG Report continued

3

OUR World

We contribute to a thriving and resilient planet so that future generations will be able to meet their needs.

Goal: by 2030, we will be addressing our impact on the planet across our entire value chain, as well as our organisation, actively contributing to practical solutions.

Contributing to:

Climate Action

PROGRESS DURING 2023 ACROSS THE FOLLOWING STRATEGIC GOAL

Most of our ESG work is focused on stakeholder awareness and social impact. We believe in creating a positive impact in the communities in which we operate, enhancing the well-being of our stakeholders and ensuring financial market access to underserved and hard-to-reach economies. But we also have a role to play in managing and mitigating our environmental footprint.

This begins with reporting verified emissions data that helps us to better understand our environmental impact and launch targeted initiatives to mitigate our footprint. One example is the travel handbook that encourages employees to avoid flying unless essential, and to select travel options with the lowest carbon emissions.

During the year, the Group initiated a project to investigate an internal carbon tax on air travel. This aims to equip leaders to assess all business travel on the dual factors of both carbon and fiscal cost. This will raise awareness of the environmental impact of each trip, and encourage better informed decisions that contribute to the Group's ambitions, and aligned to Science Based Targets Initiative (SBTi) carbon reduction goals.

The Group has also set a cornerstone GHG management target to reduce emissions by 5% year-on-year per million sterling of revenue. In 2023, the Group's carbon footprint was 54.65% below our 5% year-on-year emissions reduction target.

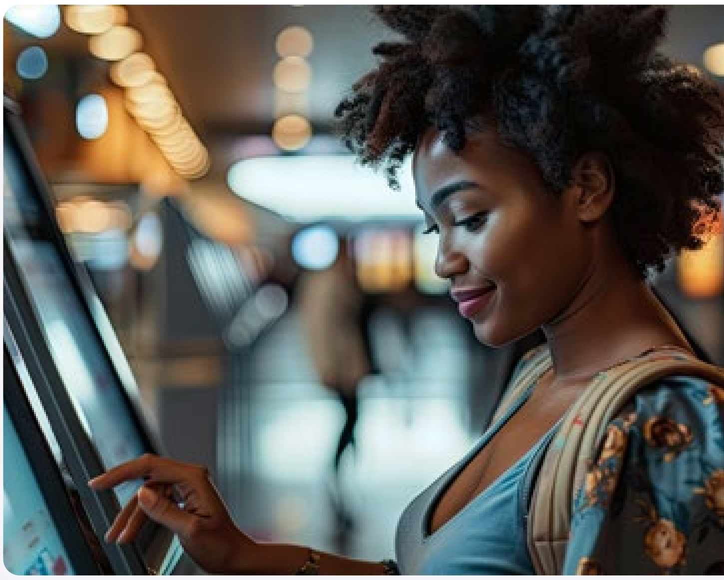
For more, see **page 43**.

By 2030, the Group aims to establish a governance structure and culture that enables our work to fulfil:

- **Our mission** – to serve frontier markets that others find too difficult; and
- **Our vision** – believing in the power of technology to bridge the divide between emerging markets and the rest of the world.

In doing so, and with transparency and accountability embedded in everything we do, we will contribute to both SDG 12 (Responsible Consumption and Production) and SDG 16 (Peace, Justice and Strong Institutions).

Well ahead of that timeframe, the Group is helping to make considerable social impacts by enabling multi-billion pound payments where they are needed.



CASE STUDY

Every day, social impacts

As specialists in serving hard-to-reach emerging markets, the payments we send typically represent financial support – whether for development projects, crisis relief or expats sending home payments to provide for their families.

In 2023, the social impact the Group helped to deliver ran into billions of dollars, comprising:

- development aid flows: £3.1 billion
  - FX and cross currency payments volume in Emerging currencies for IDO clients
- flows into low and lower-middle income countries: $11.5 billion
  - MT103, cross border SWIFT volumes (in USD); income level of beneficiary countries is based on World Bank classification
- remittance flows strengthening local economies: £1.8 billion
  - FX and cross currency payments volume in Frontier and Emerging currencies for NBFI clients specialising in remittances.

"Witnessing the powerful impact our operations have on communities is a testament to the transformative influence of our work, embodying the ethos of moving money where it's needed."

Nkosi Moyo
Head of Global Payments & Mobile Sales, CAB Payments

ESG Report continued

ESG Progress

In 2024 we will continue to commit to social impact. The good news is that many of the global macroeconomic trends mean that being in a strong ESG position will translate into positive tailwinds. These include:

- ESG and SDGs: which have the potential for significant flows into emerging markets, sent by governments, charities and supranational organisations such as the United Nations, the International Monetary Fund and the World Bank.
- This is reflected in development aid as well as climate finance flows to address social inequalities, offer crisis relief, or help emerging market countries to transition into greener economies.
- Foreign Direct Investments (FDIs): increasing volumes in FDIs and remittances as well as flows coming from IDOs. The increase in FDIs is driven by attractive opportunities and GDP growth rates are forecast to be substantially above those of developed markets. Regional free trade agreements and zones are an additional tailwind to global cross-border payments.
- Free trade agreements: the African Continental Free Trade Agreement is expected to increase intra-Africa cross-border payments flows by two to three times. Similarly, in Asia, various free trade agreements may have a positive impact on regional economic development.
- Payments home: as people migrate from emerging markets (particularly Africa and Asia) to find better livelihoods, sending money home is a key driver of FX transaction volumes.
- Digitalisation of cash markets: is another driver of global cross-border payment volume expansion. The Group's target markets are cash-driven geographies, with cash transaction volumes about ten to 13 times the size of digital transactions. As a result, emerging markets represent a largely untapped market for digital payments and a material opportunity for future expansion.

Net Zero Statement

In 2023, CAB Payments made significant progress in managing GHG emissions, marking the initial phase of our emissions management journey. The Company's listing on the London Stock Exchange in July 2023 was a significant chapter in our story, and was the catalyst for expanding our ESG capabilities. Throughout the year, we focused on developing robust foundations, growing a dedicated team, and enhancing skills across the wider Group.

Looking forward to 2024, the Group's commitment to environmental sustainability will include developing a comprehensive net-zero roadmap in alignment with the SBTi. This guide will include actionable steps and interim milestones that reflect our goal to become a net-zero business by 2050.

to find CAB Payments GHG reduction targets / **Page 46**.

Streamlined Energy and Carbon Reporting (SECR) Disclosures

The GHG emissions have been assessed following the GHG Protocol Corporate Standard and the 2023 emission conversion factors published by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the GHG Protocol dual reporting approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used.

SECR Disclosure

Element	2022	2023
Direct emissions (Scope 1) – Natural gas (tCO_2e)	27.2	42.9
Indirect emissions (Scope 2) – Purchased electricity (tCO_2e)*	57.8	62.3
Other indirect emissions (Scope 3) – Hire car travel (tCO_2e)**	0.0	0.6
Total energy consumed (kWh)***	447,876	533,088
Intensity ratio tCO_2e (gross Scope 1,2 &3, location-based per £m revenue)*	0.8	0.8
Intensity ratio: tCO_2e (gross Scope 1, 2 & 3, location-based per employee)*	0.4	0.3
Total gross location-based emissions (tCO_2e)	**85.0**	**105.7**

* Does not include transmission and distribution or WTT.

** Hire car travel only - this is the only scope 3 requirement for SECR.

*** Includes natural gas, electricity, and hire car travel for global operations. Does not include transmission and distribution or WTT.

Overview of our GHG Emissions

Summary of location-based results (tCO_2e)	2019	2020	2021	2022	2023
Scope 1 (tCO_2e)*	64.7	13.9	25.3	27.2	42.9
Scope 2 (tCO_2e)**	85.1	29.5	61.9	57.8	62.3
Scope 3 (tCO_2e)	1016.1	39.1	127.8	905.2	1616.3
Total tCO_2e	**1166.0**	**82.5**	**215.0**	**990.2**	**1721.5**
Target (5% reduction from 2019 baseline – tCO_2e per £m turnover)	34.1	32.4	30.8	29.2	27.8
Actual tCO_2e per £m turnover	34.1	1.5	3.8	9.1	12.6
% difference between actual and target	**–**	**-95.39%**	**-87.77%**	**-68.93%**	**-54.65%**

* Natural gas consumption only.

** Electricity generation only – Does not include transmission and distribution or WTT.

Full Breakdown of Scope 1, 2, and 3

Summary of location-based results		Description	2023
Scope 1	1.1	Natural gas*	42.9
		Scope 1 Sub Total	42.9
Scope 2	2.1	Electricity (generation only)**	62.3
		Scope 2 Sub Total	62.3
Scope 3	3.1	Water (and wastewater)	0.0
	3.2	Computing	108.8
	3.3	Transmission & Distribution of electricity	5.3
	3.3	Well to tank	190.9
	3.4	Upstream Transportation and Distribution	N/A
	3.5	Waste	0.8
	3.6	Flights	1123.7
	3.6	Hotel stays	27.2
	3.6	Taxi	8.9
	3.6	Hire cars	0.6
	3.6	Rail	0.3
	3.7	Commuting	123.6
	3.7	Home-working	26.2
	3.8	Non-controlled site electricity	0.0
	3.8	Non-controlled site gas	0.0
	3.8	Upstream Lead Assets	N/A
	3.9	Downstream transportation and distribution	N/A
	3.10	Processing of Solid Products	N/A
	3.11	Use of Solid Products	N/A
	3.12	End-of-life Treatment of Solid Products	N/A
	3.13	Downstream Leased Assets	N/A
	3.14	Franchises	N/A
	3.15	Investment	N/A
		Scope 3 sub-total	1616.3
		TOTAL	1721.5

* Natural gas consumption only.

** Electricity generation only – Does not include transmission and distribution or WTT.

ESG Report continued

Task Force on Climate-related Financial Disclosures (TCFD)

Governance

CAB Payments has developed a strong governance framework to address climate-related risks and opportunities, aligning with the TCFD recommendations. The Board acknowledges the financial implications of climate change and has added consideration of ESG factors as an agenda item at least twice per financial year. An ESG Board Sub-committee, chaired by independent Non-executive Director (NED) Susanne Chishti, was formed in 2023 to advise the Board specifically on ESG matters. The Board oversees the long-term impact of climate-related risks and opportunities on the organisation's strategy and risk appetite.

The CRO, Chris Green, plays a central role in providing updates to the Risk Committee and the Board on events and stakeholder impacts as well as ensuring the inclusion of climate impacts in the Group's business strategy (where applicable). Regular reporting mechanisms are in place to escalate relevant ESG and climate-related events to the Board and its committees, increasing transparency and accountability.

The CRO is the Executive Committee ESG Champion and has been delegated overall responsibility for managing climate-related financial risks, with day-to-day responsibilities delegated to the Head of ESG, Charlie Bronks, and Senior Compliance Manager, Steven Smith. Relevant updates are provided to the Executive Risk Committee. This comprehensive approach reflects our commitment to addressing climate-related issues across all facets of our operations and strategic planning.

A formal ESG Steering Committee, chaired by Chris Green, meets at least four times per financial year and has representation across the organisation to ensure ESG is considered, integrated, and actioned throughout the Group.

The Group has met all TCFD requirements related to the governance, risk management, and metrics and targets pillars. Additionally, the Group has fulfilled parts 'a' and 'b' of the strategy disclosure requirements. The Group has not provided the recommended disclosures with part 'c' of the strategy pillar, which is the completion of a 2°C scenario analysis. This is attributed to the fact that the identified risks do not have a material impact on the Group. CAB Payments will undertake a 2°C scenario analysis when any impact exceeds the materiality threshold, in accordance with best practice.

Strategy

The Group has conducted assessments of climate-related risks, identifying actual and potential risks such as liquidity and capital risk, and physical risks such as floods, tropical storms and hurricanes. The Group's risk assessment strategy considers a twelve-month period when considering short-term risk assessment, however the Internal Capital Adequacy Assessment Process (ICAAP) under stressed conditions considers five, 25 and 100 years. The Group acknowledges the importance of monitoring and managing these risks to ensure financial resilience and operational continuity in conjunction with increasing climate-related events.

The Group has assessed the impact of climate change on capital within the pillar 2B assessment for prudential risk. This evaluation considers climate stress in conjunction with broader market stress, ensuring a holistic understanding of potential impacts. The conclusion is that climate change represents a negligible impact and that these risks are not material. The potential impacts of climate change on the prudential risk profile (including capital adequacy and liquidity) are viewed as being absorbed within the Risk Appetite Statement.

We consider physical risks will have the most likely impact on the Group and its clients but have determined that the impact will remain low due to the nature, size, and complexity of the business.

We have considered transition risks and determined that there is no material impact on the business. However, we recognise the dynamic nature of climate-related risks and will continue to assess this status.

The Group is aware of its potential positive impact on those affected by physical climate-related events. By leveraging established relationships with IDOs, NGOs and charities, the Group aims to support the allocation of resources where they are most needed. The potential financial benefits the Group may accrue as a result of increasing severity and frequency of physical climatic events has not been assessed. However, it is likely that both FX services and international remittances will see increased volumes with no significant incremental cost.

During 2023, there were increased workflow requirements and focus on ESG reporting for CAB Payments due in part to the public listing on the London Stock Exchange. As the impacts of climate related risks have been assessed during this period, they have not been identified as sufficiently material to require investment in a separate 2°C scenario analysis at this stage of the Group's ESG journey.

All climate change risks will continue to be monitored and scenario assessments completed through the annual ICAAP and Internal Liquidity Adequacy Assessment Process (ILAAP) analysis.

Risk Management

The Group has implemented a comprehensive ESG risk management approach, aligning with the Group materiality matrix, outlined in the Group's Enterprise Risk Management Framework (ERMF). Climate Risk is considered as part of Business Risk in the Board approved ERMF.

The responsibility for identifying top and emerging risks is shared among all stakeholders, with clear accountability designated to the respective risk owners. This inclusive process is integrated into all business development and execution projects, ensuring a holistic and dynamic approach to risk management.

The Group places a particular emphasis on climate change risks as a critical component of its risk management strategy. The climate change risk assessment is subject to review and updated at least once per calendar year. The findings of this assessment are presented to the Executive Risk Committee for review and challenge. This commitment to transparency and accountability in the risk management process underscores the Group's dedication to effectively addressing climate-related risks.

The CRO is responsible for overseeing the management of the Financial Risks from Climate Change and is assisted by the Head of ESG and the Senior Compliance Manager in exercising this responsibility.

During 2023, there were no material physical climate events that impacted to the organisation's liquidity or capital.

In our strategic approach to managing risk, we align our strategy to address the diverse nature and timeline of different impacts. We evaluated the aforementioned risks across short, medium, and long-term timeframes, ultimately determining that these were immaterial to the balance sheet. We incorporated geographic impacts as part of our Risk Control Self Assessments (RCSA), employing horizon scanning on a twelve-month cycle to identify trigger events, alongside an ICAAP scenario that considers severe yet plausible risks through long-term analysis and stress testing.

Metrics and Targets

Liquidity

Liquidity stresses are, by their nature, sudden and extreme and therefore physical climate change risks are deemed more relevant than transition risks.

The Group has modelled the impact of a severe physical climate change event on the top 20 nations who are most susceptible to a climate change event (this list of nations is taken from the Notre Dame Country Climate Change Vulnerability Index). CAB only holds deposits from counterparties resident in twelve of these nations. Deposits from entities resident in these countries are deemed to be withdrawn immediately, irrespective of the term structure of deposit. The impact on CAB Payments' Liquidity Cover Ratio (LCR) as at 31 March 2023 (relating to when the last ILAAP was undertaken in FY23) is then modelled.

The impact per geography is shown below:

Country	Total deposit £m	LCR impact of withdrawal
Afghanistan	27.3	-1.3%
Dem. Rep. of the Congo	7.4	0.8%
Guinea-Bissau	0.01	0.0%
Haiti	18.1	-0.8%
Liberia	13.9	-1.0%
Madagascar	15.1	-0.2%
Mali	0.1	0.0%
Malawi	31.2	3.0%
Sudan	0.02	0.0%
Somalia	0.001	0.0%
Uganda	20.9	-0.4%
Zimbabwe	8.0	0.8%
Total	**141.8**	**0.85%**

The LCR increases by 0.85% if CAB Payments were to lose deposits from clients in countries most at risk to climate change due to the high LCR outflow factor associated with these deposits.

ESG Report continued

Capital

As the Group does not write long-term client loans, the business is resilient to transitional climate change risks. All trade finance loans have an original maturity of less than one year with the vast majority having an original maturity being less than six months. Consequently, any deterioration in credit quality of a counterparty due to transitional climate change risks will be evident prior to CAB Payments initiating a loan.

Within the ICAAP approved by the Board in January 2024, the Group included climate-related elements in a wider Market and Climate stress. To understand the impact to CAB Payments of just such a climate related stress, the following scenario was modelled:

- Trade finance counterparties resident in geographies materially at risk of being detrimentally impacted by climate change default;
- At the low point of the stress (in terms of Common Equity Tier1 (CET1) ratio) an outage of the banking system due to a severe climate change event in impacted geographies leads to late settlement of all 'in flight' spot FX payments. This results in a capital deduction of an equivalent amount. Subsequently, the impacted banking systems are re-established, and payments are settled (i.e. there is no permanent loss); and
- Revenue increase of 10% in FX and payment revenue up to December 2026 to reflect increases in IDO and remittance activity as a result of heightened climate change related disaster relief efforts: on a pre-management actions basis, the low point CET1 ratio is 21.3% in August 2024 notably driven by the climate change capital deduct at the low point element, before rising in outer years when the impacts of higher revenue are recognised in the capital base. For context, the low point CET1 ratio in the full market wide stress is 17.2% in August 2024.

In short, the climate change impact of the stress is relatively muted due to the timing of the stress and because a loss is not generated. The 10% Loss Given Default (LGD) is immaterial due to the construct of the balance sheet at the date of the stress. The higher revenues drive the capital ratio higher when recognised in the capital base in the outer years. Whilst the capital deduction due to late settling FX spot deals is reversed in the subsequent month due to an assumed re-establishment of the relevant banking infrastructure.

The ICAAP analysis concludes that prior to any pre-management actions, the Group comfortably meets risk appetite under the modelled climate scenarios. We continue to monitor our capital position in relation to the Financial Risks from Climate Change and any significant changes are reported to the relevant governance committee for appropriate challenge and review.

GHG emissions

The Group uses scope 1, scope 2 and scope 3 (travel and commute) GHG emissions to assess climate impact. Energy consumption metrics and a breakdown of energy sources are disclosed on **page 43**, aligning with our dedication to sustainable practices and SECR requirements.

The energy and carbon emissions disclosed in this statement are for the duration of the reporting year – 1 January to 31 December 2023, from facilities over which the Group has financial control and is in line with GHG Protocol Corporate standard.

The Group has not identified any material risks within scope 1, scope 2 or scope 3 of our carbon footprint.

The Group has set a GHG reduction target of 5% reduction of total GHG emissions per £million of revenue, this aligns with the overarching target to reach net zero by 2050.

Stakeholder Engagement and s172 Statement

Balancing the needs of our stakeholders

The Companies Act 2006 and the UK Corporate Governance Code 2018 (the Code) require the Annual Report to provide information that enables our stakeholders to assess how the Directors of the Company have performed their duties under s172 of the Companies Act 2006.

The Companies Act 2006 provides that the Directors must act in a way that they consider in good faith would be most likely to promote the success of the Company for the benefit of shareholders as a whole. In doing so, the Directors must have regard, amongst other things, to the following factors:

The Likely Consequence of any Decision in the Long Term

It is critical for the Board to understand and balance the needs, interests and expectations of our key stakeholders so that it can work to ensure that CAB Payments achieves its purpose. Our decision to IPO reflects our commitment to the long-term success of the CAB Payments Group, realising our vision to connect emerging markets to the world using finance and technology and supporting the movement of money where it is needed.

Now in the third phase of the Group's long-term strategy launched in 2016, the Board uses its combined experience in global markets to provide key support for launching activities in European and US markets. The Board recognises that competing stakeholder views can appear contradictory, but by giving consideration not only to areas where there is agreement, but also developing consensus where there is difference, the Group can realise its ambitions and grow long-term value for all stakeholders.

More information on our strategy / **Pages 18 to 25**.

The Interests of the Company's Employees and Other Stakeholders

As a Board, we understand the importance of a motivated workforce to the long-term success of our Company and the Group. When making decisions, we as a Board have had regard to the interests of CAB Payments' employees, as well as the interests of wider stakeholder groups.

Our colleagues are key to our success, and they are always considered as part of the Board's discussions and decision making.

The Board engaged with the workforce in a number of ways throughout 2023, including speaking at 'town hall' meetings and at events to celebrate Group events such as the achievement of B Corp status and global events such as Chinese New Year and International Women's Day.

Following discussions, the Board has agreed to designate a Non-executive Director to lead engagement with the workforce; Susanne Chishti has volunteered to fulfil this role and will be undertaking a programme of engagement in 2024. Feedback will be provided to the Board after each formal engagement meeting to discuss any topics raised at relevant Board and Committee meetings.

We recognise the importance of our employees' hard work towards all our goals. Following our successful IPO, the Board approved a range of new share plans to retain and motivate current employees and attract new talent. We also regularly engage with our employees on all CAB Payments-related matters.

For more information on employee engagement / **Page 84**.

The Need to Foster the Company's Relationships with Suppliers, Clients and Others

The Board appreciates and values the suppliers that support the Group in a wide range of activities including recruitment, compliance, marketing, technology and facilities management. Executive management engages regularly with existing suppliers to ensure open dialogue and to maintain relationships, while conducting due diligence and receiving feedback from suppliers. The Board is briefed on new and updated supplier-related policies, including the delegation of authorities and developments in the Group's approach to procurement generally.

The Board recognises that the greater our understanding of our clients' needs, the better we can support them to achieve their aims and succeed in our purpose and strategy. By engaging with clients and potential clients, the Group can form an understanding of why clients do business with us and how we can drive meaningful improvements.

The Board receives regular updates from executives on new client pipeline and onboarding, along with reports on operational strategies to enhance client experience across the Group's offerings.

For more information on ESG / **Pages 28 to 46**.

The Impact of Operations on the Community and the Environment

The Board recognises the importance of using business as a positive force for good, and to build ethical and sustainable business practices and operations. The decision to apply for B Corp certification reflects the commitment of the Board to the highest standards of verified social and environmental performance, public transparency, and legal accountability.

Although as a Board, we continually monitor the ESG strategy and oversee progress against sustainability-related goals and commitments, the formation during 2023 of a sub-committee of the Board to directly oversee ESG issues acknowledged the place of these matters at the heart of our values.

For more information on ESG / **pages 28 to 46**.

The Desirability of the Company Maintaining a Reputation for High Standards of Business Conduct

The Board acknowledges its responsibility for setting and monitoring the culture, values and reputation of the Group. Our colleagues are central to us achieving this ambition and we're building a culture where our colleagues can be their best.

In January 2023, we appointed the Chair of the Audit Committee, Karen Jordan, as our Whistleblowing Champion, taking on responsibility for ensuring and overseeing the integrity, independence and effectiveness of the Group's policies and procedures on whistleblowing. This appointment provides another avenue for employees to report concerns as to the conduct of the business, alongside the Compliance team and an external, confidential, whistleblowing telephone line.

Also in 2023, the Group launched a Vendor Code of Conduct, which includes an ESG framework which all our suppliers will be required to align with. This will enable the Group to measure and monitor our supply chain and ensure that we align work with partners who share our core values.

For more information on internal controls and risk management / **Pages 96 to 97**.

The Need to Act Fairly for All Our Members

The Company has established a clear programme of interacting with all our investors and research analysts. Since the IPO in July 2023, the Executive Directors and the Investor Relations team have held more than 100 meetings with institutional shareholders and investors, predominantly across the UK, the US and Europe. The Company currently seeks to be available to investors and analysts on a consistent basis, proactively following significant announcements and reactively at all other times.

These meetings are designed to provide potential and existing investors the opportunity to discuss business performance and strategy and to develop an understanding of investor views, while helping our new investors and market analysts to gain a greater understanding of our business performance and strategy.

Following the well-received half-year financial results announcement in September 2023, the team met, either virtually or in-person, more than 40 institutions. Over the weeks following the unscheduled announcement on 24 October 2023, the team spoke with more than 20 institutions. The Chair also made herself fully available at that time and spoke directly with four significant shareholders.

Not all of our investors are institutions, and the Board is aware that communications should be available for all of the Company's shareholders. Company information including updates on business performance and strategic developments are made available on the Company's website at https://cabpayments.com/investors.

The Board is mindful of the requirement to share information fairly, consistently and concurrently with all shareholders, and is committed to ensuring the independence of the Board under the terms of the Relationship Agreement with the Company's significant shareholder (more details of which can be found on **page 84**).

At all times, the Board is committed to ensuring that any decision it makes is in the interests of all our shareholders.

Decisions Made During the Year

All decisions made by the Board are subject to the submission of quality, appropriate information by way of Board papers, provided to the Board in a timely manner. Our Board meetings are structured in such a way to allow sufficient time to dedicate to all topics. When making decisions, each Director ensures that they act in a way they consider, in good faith, would most likely promote the Company's success for the benefit of its shareholders, and has due regard (among other matters) to the factors set out above.

Listing on the London Stock Exchange

In June 2023, the Board gave their approval for the Company to float on the Main Market of the London Stock Exchange. In preparation, the Board undertook a full due diligence programme, guided throughout by section 172, in order to be assured that the public listing approach was most likely to promote the success of the Company for the benefit of its members as a whole. With support from a range of professional advisers, the Board oversaw a number of reviews to support the information and declarations required for the listing process.

Consideration was given to the likely consequences of the decision in the long-term, with the IPO broadening ownership, while supporting the Company's strategy of delivering long-term sustainable growth to cement its position as a payments and forex partner of choice for high quality clients transacting in emerging markets, along with the potential benefit to the Group's existing credit rating.

The Board also had regard to the impact on employees, and to the communities around the world that benefit from the products and services provided by the Group.

Financial Review

A highly profitable, cash generative, liquid and resilient business model, built to deliver sustainable growth

Richard Hallett
Chief Financial Officer (CFO)

Biography / **Page 72**

Overall

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

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

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

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

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

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

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

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

Gross Income

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

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

1 See alternative performance measures for definition / **Page 241**.

25% Gross Income Growth

47% Adjusted EBITDA margin[1]

29% FX Income Growth[2]

88% Free Cash Flow Conversion

Wholesale FX and Payment FX Income

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

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

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

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

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

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

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

1 See alternative performance measures for definition / **Page 241**.

2 Income from Wholesale FX and Payment FX exc. NGN.

Financial Review continued

Banking and Other Payments Income

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

Banking Services and Other Income

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

Operating Expenses

	Year ended 31 December		Year-on-year
	2023	2022	%
Staff expenses	**45.6**	35.8	27%
Other operating expenses	**26.5**	18.3	45%
Depreciation and amortisation	**5.8**	5.7	2%
Non-recurring operating expenses	**21.1**	5.3	296%

The business continues to invest to deliver ongoing income growth. The investment is predominantly in headcount, with a focus on increasing the Sales force, Risk and Controls, Operations and IT capabilities. Staff costs have increased 27% to £45.6 million, reflecting the impact of higher headcount, with a higher average number of permanent employees in 2023 of 310 Full-Time Equivalent (FTE) versus 222 FTE in 2022, higher number of short-term staff, increasing by 10 FTE from 20 FTE in 2022, and following the annual pay review, which includes performance and inflationary salary increases.

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

Profitability

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

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

Operating free cash flow[1] grew from £49.8 million in the year ended 31 December 2022 to £56.7 million over the same period in 2023. This demonstrates the strong cash flow delivered by the business as it continues to scale, while also making investments in tangible and intangible assets of £7.4 million (2022: £4.9 million) and absorbing an increase in payments made on property leases to £0.5m (2022: £0.3m).

Taxation

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

Investments

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

25.5%
CET[1]

72%
HQLA as % Assets

152%
LCR

£nil
Corporate Debt In Issue

1 See alternative performance measures for definition / **Page 241**.

Balance Sheet

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

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

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

Other Matters

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

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

Income Statement (£m) for Continuing Operations

	Year ended 31 December		Year-on-year
	2023	**2022**	**%**
FX income	**68.5**	63.4	8%
Payment FX	**19.9**	19.5	2%
Banking and other payments	**14.3**	14.3	0%
Total payments income	**34.2**	33.7	2%
Net interest income from cash management	**31.7**	10.1	215%
Other banking income	**2.6**	2.3	14%
Total banking services income	**34.3**	12.3	179%
Gross income	**137.1**	109.4	25%
Staff costs	**-45.6**	-35.8	27%
Other operating expenses	**-26.5**	-18.3	45%
Depreciation and amortisation	**-5.8**	-5.7	2%
Total recurring operating expenses	**-77.9**	-59.9	30%
Impairment provision[1]	**-0.4**	-0.3	18%
Non-recurring operating expenses	**-21.1**	-5.3	296%
Profit before tax	**37.6**	43.9	-14%
Tax	**-13.7**	-10.5	31%
Profit after tax	**23.9**	33.4	-29%

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

Financial Review continued

Balance Sheet (£m)

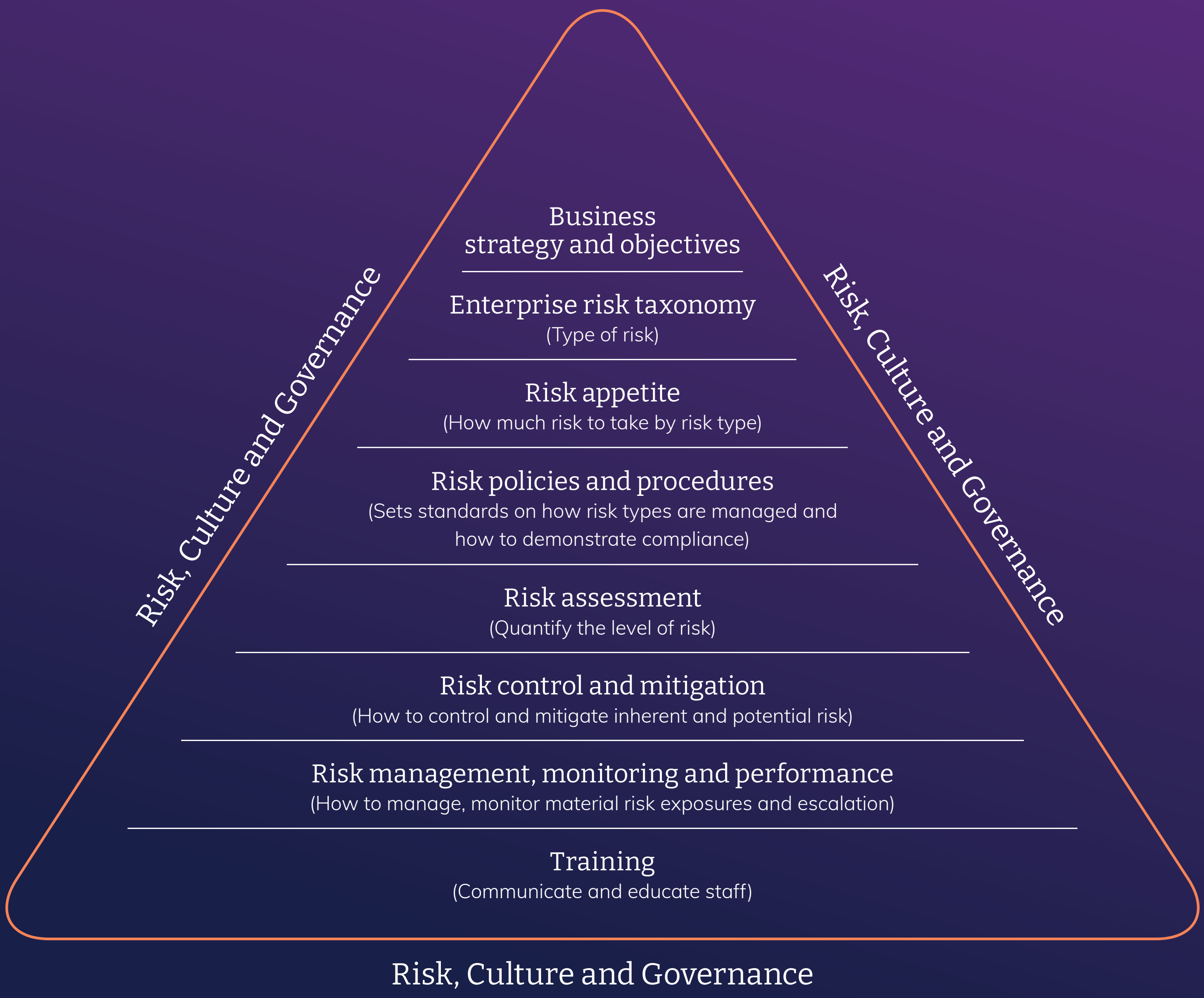
	Year ended 31 December		Year-on-year
	2023	2022	%
Cash and balances at central banks	**528.4**	607.4	(13)%
Money market funds	**518.8**	209.5	148%
Investment in debt securities	**353.0**	414.1	(15)%
Loans and advances	**281.0**	188.1	49%
PP&E	**1.2**	1.6	(25)%
Right of use assets	**0.7**	1.1	(39)%
Intangible assets	**24.3**	21.9	11%
Other assets	**25.2**	41.7	(40)%
Total assets	**1,732.5**	1,485.4	17%
Customer accounts	**1,542.9**	1,305.6	18%
Derivative financial liabilities	**9.7**	4.6	112%
Lease liabilities	**0.9**	1.3	(31)%
Other liabilities	**47.5**	58.1	(18)%
Total liabilities	**1,601.0**	1,369.5	17%
Total equity	**131.5**	116.0	13%

Risk Management

Risk environment

Our approach to risk

The following diagram outlines the key components of the Group's risk framework.



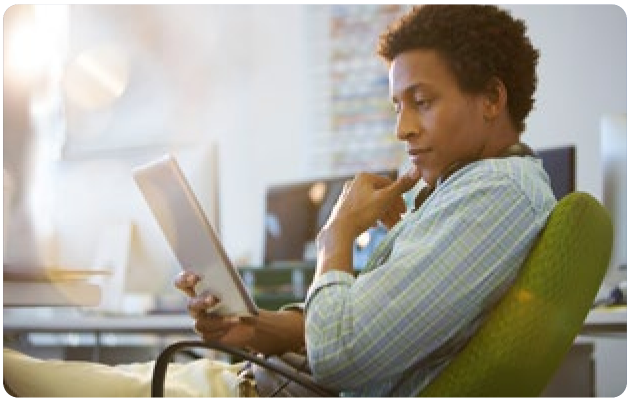
Risk Management continued

The foundation of the Group's risk management is the Group Enterprise Risk Management Framework (ERMF). In concert with the relevant architecture (e.g. risk taxonomy, risk appetite, etc.) it ensures that risk is suitably identified, assessed, monitored, managed, and mitigated within the Group.

The taxonomy allows the Group to construct and calibrate its Risk Appetite Statement (RAS) and tolerance limits (TLs) that quantify, by risk type, how much risk it is willing to accept under business as usual and stress conditions, in order to achieve the Group's business strategy and objectives. These are constructed with due regard to the organisation's risk appetites, to align both strategy and risk.

The Group's risk team has created a broad suite of policies and procedures to link the operating standards and practices with the business strategy and risk appetite. These tools include assurance activities, risk mitigation, controls, and robust reporting and governance, based on the risk framework of identification, assessment, management, and reporting of risk.

The outcomes of the team's regular risk assessments and monitoring form a feedback loop, against which to gauge our risk appetite thresholds, and whether they are still applicable or need adjustment. At least once per calendar year, the team reviews the business strategy, risk framework and its associated component parts, refining them where needed and ensuring a timely assessment of current and emerging risks.



Risk Culture

The Group, together with local legal entity Boards and the executive management, is responsible for establishing and embedding a culture of risk awareness and a strong internal control environment.

We achieve this with leaders who set the tone from the top, strongly supported by governance structures, clear definitions of responsibilities, performance management and regular communications that reinforce appropriate behaviours and corporate values.

Equally, all employees have a role to play in driving a positive risk culture through their overall vigilance and motivation, and an innate desire to identify, manage and communicate risk-related issues, including escalation and resolution as appropriate.

This year, we have continued to embed the principles, tools and techniques of the Group ERMF. In addition to structured training, we have designed and delivered learning campaigns for all staff on the importance of managing risk and our collective responsibility.

All our people need to:

- understand the risks relating to their role and activities, including any relevant policies, processes and procedure documents;
- take on board how successfully managed risks can help them achieve their objectives;
- be accountable for particular risks and how they can manage them; and
- report systematically and in a timely manner on emerging risks, near-misses, incidents, control failures and improved business practices.

Our risk culture is further reinforced by the responsibility of the business to own and manage risk in accordance with the 'three lines of defence' principle, and the Group ERMF.

Governance of Risk

The Company's risk governance structure is outlined below:

The Board

The Board is responsible for setting the strategy, corporate objectives, and risk appetite. The Board reviews the Group's ERMF annually to ensure that it remains fit for purpose and complies with relevant laws and regulations including the UK Corporate Governance Code.

Board Committee

Risk Committee

Responsible for assisting the Board in approving and overseeing the Group ERMF. Provides the Board with recommendations and advice on key matters relating to risk and compliance. It receives risk reporting and escalations from the Executive Risk Committee.

Management Committees

Executive Committee

The Executive Committee is chaired by the Group CEO and is responsible for developing, proposing and implementing Board approved strategy.

Executive Risk Committee

The Executive Risk Committee is chaired by the Group CRO with members being the Executive Committee and the Money Laundering Reporting Officer (MLRO). It provides Executive level enterprise-wide risk management oversight and escalates key risks issues and recommendations to the Risk Committee in line with the approved ERMF. It also receives escalation from its five risk sub-committees

Operational Risk Committee

Asset & Liability Risk Committee

- **Treasury Committee**

Credit Risk Committee

Financial Crime Risk Committee

- **Financial Crime Systems Committee**

Lifecycle Committee

Each risk sub-committee has representatives from the second line of defence providing oversight and challenge, as required:

Risk sub-committees	Risk type covered
Asset & Liabilities Committee	Capital adequacy, liquidity, funding and market risk
Credit Risk Committee	Credit risk
Operational Risk Committee	Operational (excluding people risk)
Financial Crime Risk Committee	Financial crime risk
Lifecycle Committee	Reputational and client risk

Risk Management continued

Three lines of defence

The Group operates a tripartite risk governance framework, generally known as the three lines of defence model, which distinguishes between risk management and oversight. The approach provides clear and concise separation of duties, roles and responsibilities.

FIRST LINE OF DEFENCE

Risk and control management

The business and senior managers, both across the Group and at local entity level, are responsible and accountable for the identification, assessment and management of individual risks, as well as associated controls within their respective areas of responsibility.

SECOND LINE OF DEFENCE

Risk and control oversight

Risk and Compliance provides independent oversight and challenge with respect to the first line's management of their risks and controls. They provide assurance that the Group's and local entity level's regulated activities are undertaken in accordance with regulatory requirements.

THIRD LINE OF DEFENCE

Internal Audit

Internal audit is an independent provider of assurance over the effectiveness of the Group's, and local entity level's, processes and governance, with regards to risk and internal controls.

Risk Appetite

Aligned to the enterprise risk taxonomy, the Group's risk appetite articulates for each principal risk a qualitative risk appetite statement and quantified maximum levels of risk that the Group is prepared to accept in achieving its strategic objectives and business plan.

In doing so, the interests of the Group's clients, shareholders, capital and other regulatory requirements are all considered. This assessment requires input from subject matter experts and management to define the appetite statement and threshold for each principal risk. These are supported, where appropriate, by a suite of quantitative metrics to help monitor performance against its set appetite.

At a headline level, the Group's Risk Appetite Statements are as follows:

Business Risk

The Group will actively seek business opportunities that generate longer-term shareholder value. These opportunities must be in line with our strategic, commercial and regulatory objectives and be delivered in line with risk appetite and organisational control processes.

Financial Crime Risk

There is no appetite to operate in an environment where systems and controls do not enable the identification, assessment, monitoring, management, and mitigation of financial crime risk. There is no appetite for employees to fail to have an appropriate understanding of financial crime risks and their responsibilities to mitigate them. There is no tolerance to breach relevant financial crime regulations and laws systematically or repeatedly.

Operational Risk

The Group acknowledges and accepts that for it to conduct its business, operational risk will be inherent in its business activities. The Group strives to maintain a robust control environment cognisant of costs and other factors and as a result the Group takes a balanced approach to Operational Risk.

Credit Risk

Transactions are selectively undertaken with approved counterparties based on the type and geographic nature of the business. This assessment is supported by effective underwriting processes, systems and controls to ensure appropriate lending decisions. Where considered appropriate credit exposures are secured by readily realisable collateral (cash cover) or payment-against-payment arrangements to mitigate the counterparty risk.

Market Risk
As part of day-to-day operations, the Group is exposed to market risk principally in the form of FX risk, through its FX trading/cross currency payment activities, and interest rate risk in the banking book (IRRBB). The Group will ensure that, under severe changes in interest rates or currency FX rates, any capital or earnings at risk remains within pre-approved limits and for which capital is held.
Capital Adequacy Risk
The Group acknowledges and accepts that capital adequacy risk will be undertaken as part of business activities and ensures that it maintains sufficient capital both in quantity and quality to meet regulatory requirements and hold a management buffer as agreed with the Board.
Liquidity and Funding Risk
The Group seeks to ensure that adequate liquidity, both in terms of quantity and quality, is held to meet liabilities as they fall due, whether in normal or stress conditions while also meeting regulatory and internal requirements.
Conduct Risk
The Group seeks to develop and maintain long-term relationships with our clients, based on openness, trust and fairness in everything we do. The Group has no appetite for reputational risk arising from the way in which we behave.
Regulatory and Compliance Risk
The Group acknowledges and accepts that it operates in a highly regulated industry and environment which are fundamental to our business and sector and our appetite reflects the need to comply with these regulations. The Group continues to develop staff competency through appropriate training to ensure its staff are aware of and comply with the regulatory and compliance requirements relevant to their role and responsibilities. Any market expansion and new product introduction considers the regulatory compliance risks.

Horizon Scanning

Emerging risks

The strategic risk register assesses the material risks to the organisation, over a forward looking twelve-month time horizon, based on the enterprise risk taxonomy. Nascent and established risks are identified and classified to their respective principal risk sections and monitored through the enterprise risk management process.

Climate risk

At CAB Payments our ESG focus integrates climate change considerations, driving sustainable and responsible practices highlighted in this report.

When reflecting on the financial risks from climate change, the Group considers both physical and transition risks. We believe the most likely impact on the Group and its clients will come from physical risks such as floods, tropical storms and hurricanes. But we also project that their impact will be low due to the nature, size and complexity of the business. For the same reasons, we also believe transition risks to a greener economy will not present an adverse impact.

The Group has incorporated the most likely impacts and scenarios as part of the annual ICAAP and ILAAP analysis review. Both these documents are submitted to the Board for review and approval.

The Group has a positive impact on those affected by physical climate-related events, by rapidly moving money where it is urgently most needed through our established relationships with IDOs, NGOs and charities.

There were no specific climate-related events that required a report to the Board and its Committees in 2023.

We acknowledge the significance of ESG factors in shaping the landscape of our operations and the financial industry. We understand that the responsible management of ESG risks is paramount to our long-term sustainability and value creation for our stakeholders.

For a comprehensive analysis of our approach to ESG risk management, as well as detailed information on our performance and initiatives, please see our dedicated ESG report, including the TCFD section, on **pages 28 to 46**. These sections provide a detailed overview of our strategies, commitments and progress in integrating ESG considerations into our risk management framework, alongside our contributions to a more sustainable and responsible financial ecosystem.

At CAB Payments we remain committed to embedding ESG principles into our core business practices, enhancing transparency, and building trust among our investors, clients and the communities we serve.

We believe that effective ESG risk management not only safeguards our institution against emerging threats but also positions us for sustainable growth in a rapidly changing world.

Our achievement of B Corp Certification in 2023, and our Gold EcoVadis Global Sustainability Rating for two consecutive years, is a further endorsement of how sustainability sits at the heart of our strategy across the Group.

Principal Risks and Uncertainties

Overview of Principal Risks

Effective risk management is critical to realising our strategy. We have an established risk management framework to manage and mitigate the various risks that we face.

As at 31 December 2023 our principal risks consisted of:

	Current context	Mitigants and other considerations
1. Business risk		**1,2,3,4**
Risk Description: The risks to the Group arising from: • The business model or strategy proving inappropriate due to macroeconomics, geopolitical, industry, regulatory or other factors, • Adverse events and media coverage that could negatively impact the Group's name and reputation thereby impacting its ability to achieve its strategic objectives.	• The Group's business model and operations rely on the continued relationships with a diversified network of counterparties and partners including liquidity providers, Nostros and clearing agents across a spectrum of currency markets. • The Group is highly reliant on established relationships with a small number of key banks for clearing USD, GBP and EUR. • The Group provides access to emerging markets, with a level of concentration to sub-Saharan Africa. Significant changes to our partner network or key markets (e.g. general access, regulatory, economic, or geopolitical conditions) would have a corresponding impact on the Group's business, operations, financial performance and reputation. • Potential events may include: – Adjustments in the nature of our partner networks impacting access to local liquidity or clearing services – Changes to local economies including market structure (e.g. regulatory/central bank monetary actions); – Economic or political events (e.g. changes in government) – Translation risk associated with significant strengthening in GBP relative to USD.	• The Board and Management periodically review and update the strategic plan, budgets, targets, emerging opportunities and threats. • The Board and management track and manage, through governance, a range of metrics and early warning indicators to highlight emerging risks to performance: these continue to be developed and enhanced. • The Group has a dedicated Network and Partnerships Function, who develop and manage our key local relationships; actions continue to be taken to ensure these are adequately diversified including key currencies such as USD and GBP. This function also tracks and reports regulatory changes and geo-political issues in these markets. • The Group has a strategic risk register which tracks the top risks and the corresponding actions planned and underway to mitigate these. This is reported periodically to the Risk Committee and Executive Risk Committee. • The Group has a medium-term strategy in place to continue diversifying revenues across geographies, clients and products.
2. Financial crime risk		**1,2,4**
Risk Descriptions: The risk associated with criminal activity in the form of money laundering, terrorist financing, bribery and corruption, sanctions, tax evasion and fraud.	• One of the Group's core offerings is correspondent banking and payments services. This product is in high demand. It facilitates inclusion and allows corporates, individuals and our clients to conduct millions of transactions across the world on a daily basis. However, this type of product can be more vulnerable to money launderers, fraudsters, tax-evaders and sanctions-breachers. • The Group provides its services to clients based in global jurisdictions, including across Africa, the Americas and Caribbean, the Middle East, the USA, Canada and Europe. • Transaction risk focuses on the nature and types of transactions processed and the inherent exposure it generates. • Our increase in voluntary reports to competent authorities, driven mainly by the imposition of sanctions against Russia and Belarus during 2022 and 2023, and the resulting complexities of managing the sanctions risk, mean that NBFIs and MSBs are considered higher risk. They are more likely to offer services to underbanked communities, and to leverage new payment technologies which present new types of financial crime risks. • There is generally a lower level of regulatory oversight and scrutiny of many NBFIs and MSBs. Trends of recent sanctions relating to deficiencies in controls of MSBs have been indicative of problems in mitigating financial crime risk in the sector.	• To mitigate risks effectively, the Group has implemented strict onboarding and correspondent banking due diligence processes and procedures, as well as strong governance and client approval committees. • A robust country risk framework mitigates the Group's exposure to high- risk countries. This framework includes complete prohibitions of some countries and detailed restrictions on others. • Screening and monitoring controls enforce the framework, and the Group's employees have a strong awareness and understanding of the legal and regulatory environment in which they operate, including the relevant financial crime prevention provisions. • On-going programme of investment in anti-financial crime technology and optimisation of system rule-sets. A new transaction monitoring system is being implemented in 2024 along with an upgrade to the transactions screening system. • Regular training is delivered to ensure standards are continuously maintained. • A dedicated Risk and Compliance Function provides oversight and undertakes thematic assurance activity to identify potential gaps and issues.

Linked to strategic pillars - 1. Network, 2. Clients, 3. Platform and 4. Markets

	Current context	Mitigants and other considerations
3. Operational risk		**1,2,3,4**
Risk Description: The risk of loss or other non-financial impact, resulting from inadequate or failed internal processes, people and systems, or from external events.	• The Group is exposed to operational risk in executing its core business activities and seeks to manage this exposure in a cost-effective manner. • The Group is alert to the fact that operational risk has a broad remit, covering processes, people, systems and external events. It therefore has a risk appetite set at Level 2 risk types. The top level 2 risks at this level are: – **Data management risk:** The Group uses data (including personally identifiable data) in its activities to drive business outcomes. There is a risk of poor data quality and the requirements of UK General Data Protection Regulation and the Data Protection Act not being adhered to. – **Execution, transaction processing and delivery risk:** The Group relies on a combination of manual and automated processing to fulfil its obligations to its clients. Specific clients have bespoke processes that are performed by a select few. The Company as a listed entity needs to comply with the Listing Rules of the UK Listing Authority (the Listing Rules) for the first time. – **Technology, information security and cyber risk:** The Group relies extensively on the use of technology, including the inter-relationship between multiple third-party services, which is central to the processing and operating environment that services its clients. It is therefore imperative that the Group protects its clients, counterparty and employee data from theft, damage or destruction from cyber-attacks. The Group is acutely aware of the growing sophistication of cyber-attack threats across the industry. – **Outsourcing, vendor management and third-party risk:** The Group is reliant on material vendors to support its technology infrastructure, architecture and certain applications. It is fully aware of the risks this reliance creates in delivering its products and services. The Group works closely with these suppliers to ensure the services they provide remain resilient. – **People risk:** Resource capacity and capability impact all risk-types, these are monitored frequently to ensure staffing levels reflect the size and complexity of the Group. – **Operational resilience:** The Group has identified its important business services and impact tolerance limits that form part of the Group's risk materiality assessment. This is in line with the PRA supervisory requirements (SS1/21). – **Clients, products and business practices:** The Group considers transformation and change risk within this Level 2 risk type. The Group offers three key products (see page 22) and there has been little change to them, or the underlying business practices. However, as the Group grows, the risks associated with transformation and change are becoming a priority.	• The Group has an established Group Operational Risk Management Policy that details various tools that support the identification, assessment, management and reporting of operational risk, linked to the Group ERMF. • The RCSAs are performed at a business unit level. All risks and controls are stored centrally within the Group's approved GRC system. The system has links to risks, controls, issues, assurance actions, Board metrics and other similar information, thus providing a holistic operational risk profile. • Data management risk: The Group continues to monitor and mitigate data risk through governance structures. Data risk is assessed through the RCSA process at least once per calendar year. • Execution, transaction processing and delivery risk: Processes are being documented, and automation considered, to ensure consistency and reduction of manual/bespoke processing. To comply with the Listing Rules, the Finance team has been strengthened with external subject matter experts, as required. • Technology, information security and cyber risk: Protecting the Group's clients, counterparties, suppliers and employees remains a top priority. The Group is working on obtaining ISO 27001 and Cyber Essentials accreditation. The Group has recently completed a disaster recovery exercise and cyber simulation to continue to strengthen its operational resiliency efforts. • Outsourcing, vendor management and third-party risk: The Group has enhanced its procurement and outsourcing framework and associated policies to align with the requirements of the outsourcing and third-party risk management supervisory statement (SS2/21). • People risk: The Group deploys a number of attraction and retention strategies throughout the employee lifecycle, including hybrid-working and competitive employee benefits. • Operational resilience: The Group continues to embed a robust operational resilience framework and enhance contingency plans for the failure of key systems, processes and services to ensure a timely recovery. • Clients, products and business practices: The Group has developed a New Product and Significant Change Policy that brings together the Group's transformation and change agenda. Key transformation projects are discussed at the Operational Risk Committee and the Executive Risk Committee as required.

Linked to strategic pillars - 1. Network, 2. Clients, 3. Platform and 4. Markets

Principal Risks and Uncertainties continued

Overview of Principal Risks continued

	Current context	Mitigants and other considerations
4. Credit risk		**1,2,4**
Risk Description: The risk of financial loss arising from a borrower's or counterparty's failure or inability to meet their financial obligations in accordance with contractual terms.	• Credit risk is inherently generated through the Group's banking and financing activities; i.e. for example, through trade finance products, working capital overdrafts, Nostro balances etc. • Counterparty credit risk arises due to FX/Payment related trading and derivatives activities where counterparties may be unable or unwilling to meet their financial obligations, including collateral obligations, as they fall due. • Treasury related activities also generate an element of credit risk through its day-to-day placement of funds i.e. money market funds, HQLA portfolio etc.	• Credit Risk remains a key focus for the Group given the current macroeconomic environment. • Risk appetite thresholds are constructed with regard to regulatory requirements and internal assessments included within the ICAAP. • An established credit policy is in place with portfolio levels exposure limits and a maximum individual counterparty exposure limit framework. The Credit Risk Committee provides individual counterparty approvals and portfolio level oversight. • Robust individual credit assessment and monitoring frameworks ensure that credit risk is managed and mitigated in line with credit management objectives and risk frameworks. • Counterparty FX and derivatives transaction risk is mitigated via an ISDA master agreements and credit support annexes, where suitable.
5. Market risk		**1,2,4**
Risk Description: The risk of losses occurring from adverse value movements of the Group's assets and liabilities; principally relating to FX and interest rates.	• The Group's market risk exposure occurs primarily through FX volatility and IRRBB. • The economic and financial market uncertainties remain elevated, driven by elevated inflation and tightening monetary policy. Disruptive adjustment to higher interest rate levels, deteriorating trade or geopolitical tensions could have implications for FX rates and the value of the Group's Nostro balances. Alternatively, a decline in interest rates may compress net interest margin across the business • Adverse changes in FX rates can impact capital ratios given elements of the risk-weighted assets exposures are denominated in foreign currencies. • Failure to account for foreign currency movements could result in an adverse impact on the Group's regulatory capital and leverage ratios.	• An assessment of market risk drivers is conducted as part of the ICAAP, and to assess BAU and stressed market risk. • Market Risk exposure limits are staggered, to constrain typical market risk exposure. The Group primarily trades in the FX spot market and risk appetite limits are set and monitored at both an aggregate and currency level. • Defensive positions are typically taken to the extent that markets exhibit increased market risk events, such as during national elections. • Interest rate risk in the banking book is driven by client deposit-taking, investments in the liquid asset portfolio and funding activities. The Group executes hedging strategies to ensure a predominantly matched profile and thereby mitigate the majority of the IRRBB risks that result from these activities.

Linked to strategic pillars - 1. Network, 2. Clients, 3. Platform and 4. Markets

	Current context	Mitigants and other considerations
6. Regulatory and compliance risk		**1,2,3,4**
Risk Description: The risk arising from non-compliance with laws and regulations governing financial services institutions in the markets in which we operate.	• As the Group continues to grow in terms of increasing size and complexity it brings with it a complex legislative and regulatory landscape thus increasing the risks of legal or regulatory sanctions, material financial loss and/or reputational damage in the markets in which we operate.	• Horizon-scanning is conducted to monitor upcoming UK regulatory changes. • Responding to any regulatory request promptly. • Ensuring that we have adequate permissions to operate in certain markets. • CAB Payments partners with local providers that are typically regulated entities or locally licensed. • The Group consults third-party legal counsel for new territorial expansions to ensure compliance with local regulations.
7. Capital adequacy risk		**1,2,3,4**
Risk Description: The risk of the Group having insufficient quality or quantity of capital, to meet its regulatory capital requirements and internal thresholds to cover risk exposures and withstand a severe stress as identified as part of the ICAAP.	• The Group's capital ratios can be affected by various business activities and the failure to meet prudential capital requirements, internal targets and/or to support the Group's strategic plans. • The key risk drivers with capital implications are credit risk, market risk and operational risk, each of which is addressed within its relevant section.	• The Group has robustly defined capital adequacy thresholds, constructed in reference to regulatory requirements and maintain capital ratios in excess of these. • The Group produces an ICAAP at least once each calendar year. Challenge and oversight of the ICAAP occurs at the Asset & Liability Risk Committee and Risk Committee before approval by the Board. • Day-to-day capital risk exposure is managed by the Treasury function with oversight from Asset & Liability Risk Committee and the Group Treasury Committee, who monitor and manage capital risk in line with the Group's capital management objectives, capital plan and risk frameworks. • If the Group were to encounter a significant stress on capital resources, a Recovery Plan is maintained which includes options to ensure it can remain sufficiently capitalised to remain viable. Recovery Plan metrics are regularly monitored and reported against. The Group's Pillar 3 disclosures contain a comprehensive assessment of its capital requirements and resources and are published separately on the Group's website.

Linked to strategic pillars - 1. Network, 2. Clients, 3. Platform and 4. Markets

Principal Risks and Uncertainties continued

	Current context	Mitigants and other considerations
8. Liquidity and funding risk		**1,2,4**
Risk Description: The risk the Group cannot meet its contractual or contingent obligations in a timely manner as they fall due. Funding risk is the risk that the Group cannot maintain access to a sufficient stable funding base to maintain its liquidity.	• The Group's liquidity ratios (i.e. LCR and Net Stable Funding Ratio (NSFR) can be affected by various business activities, either idiosyncratic or market wide, that could impact prudential liquidity requirements and corresponding business activities, and investor or depositor confidence. • The key liquidity risk drivers are depositor outflows, and intraday liquidity requirements.	• Funding and liquidity risks are managed within a comprehensive risk framework in reference to regulatory requirements and internal thresholds to ensure there is no significant risk that liabilities cannot be met as they fall due. • CAB produces an ILAAP at least once per calendar year. Challenge and oversight of the ILAAP occurs at the Asset & Liability Risk Committee and the Risk Committee before approval by the Board. • The primary metrics used to monitor and assess the adequacy of liquidity are the Overall Liquidity Adequacy rule (OLAR), the LCR and NSFR. • Day-to-day liquidity risk exposure is managed by the Treasury function with oversight from the Asset & Liability Risk Committee and the Group Treasury Committee. • Treasury conducts regular and comprehensive liquidity stress testing, including reverse stress testing, to ensure that the liquidity position remains within the Board's appetite.
9. Conduct risk		**2,4**
Risk Description: The risk that the conduct of the Group and its staff, towards clients (or in the markets in which it operates), leads to unfair or inappropriate client outcomes and results in reputational damage and/or financial loss.	• Clients may suffer detriment due to actions, processes or products which originate from within the Group. • Conduct risk can arise through: – the design of products that do not meet client needs; – mishandling complaints where the Group has behaved inappropriately towards its clients; – inappropriate sales processes; and – behaviour that does not meet market or regulatory standards.	• Conduct risk is incorporated into the product approval process. • Complaints are formally registered, investigated and responses provided. • The Group has a Gifts and Hospitality Policy with an approval and logging process. • All staff receive annual online training on conduct, ethics and culture.

Linked to strategic pillars - 1. Network, 2. Clients, 3. Platform and 4. Markets

Going Concern and Viability Statements

Time Horizon

The Directors have an obligation under Provision 31 of the Code to confirm that they believe that the Group will be able to continue in operation, and to meet its liabilities as they fall due.

The Code requires the Directors to articulate in the Annual Report and Accounts how the health of the Group has been assessed, over what time-period this assessment considers and why this time horizon is considered to be appropriate.

The Directors have determined that the three years to 31 December 2026 is an appropriate period over which to perform the assessment. This is the period over which the Group prepares detailed corporate plans that articulate financial performance and key regulatory metrics such as CET1 ratio, LCR and NSFR. Financial forecasts over longer durations would decrease accuracy and are therefore of limited value in conducting assessments of this nature.

Consideration of Key Risks

As described in the Risk Report on **page 56** the Directors actively monitor the Group's risk management and internal control systems. The Directors have performed a robust assessment of the principal risks that the Group is exposed to as well as an assessment of emerging risks. These risks and the policies and procedures for managing them are described in more detail in the Risk Report on **page 56**.

Planning

The Group's Corporate Plan was approved by the Board in December 2023. In preparing the Corporate Plan, due consideration was given to the Group's strategy as articulated on **page 16**.

The process for preparation of the Corporate Plan starts with the strategic objectives of the Group and considers the risk appetite limits in place to ensure that these are adhered to over the course of the planning period. Assumptions with regards to key macro economic conditions are then assessed and underpin the forecast financial performance.

Key prudential Regulatory metrics are forecast to ensure that these do not fall below risk appetite over the planning horizon. The metrics which are forecast as part of the Corporate Plan are:

- CET1 ratio;
- Total Capital Ratio;
- Leverage Ratio;
- LCR;
- Surplus HQLA over LCR minimum;
- NSFR.

Stress Testing – Capital

As part of the ICAAP, severe, but plausible Idiosyncratic, Market and Climate and Combined stresses are applied to the Group Corporate Plan. The Combined Stress is simply the aggregate of the Idiosyncratic and Market and Climate Stresses. (See **page 59** for further details on the stresses).

All stresses are calibrated to those risks which the Board believe are most relevant for the Group, taking into consideration all the principal risks identified on **page 60** and any wider macro economic factors that the Group may be exposed to. In accordance with the guidelines from the PRA, the stresses are intended to be severe, yet plausible.

As part of these stresses, forecasts of pre and post management action Revenue, Profit & Loss (P&L), CET1 ratio and Leverage Ratio are assessed in comparison to internal risk appetites and regulatory minimum. An assessment of any additional capital that has to be held is then made based on the output of these stresses.

The stresses modelled the impact on financial performance and key regulatory metrics over the period to 31 December 2026. The table below indicates the impact of the most severe stress had on revenue and profit before tax post management actions. These figures compare the revenue and profit before tax modelled under the stress compared to the equivalent period in the base case Corporate Plan.

	The Group		
Percentage Reduction	**FY 24**	**FY 25**	**FY 26**
Revenue	(32)%	(28)%	(26)%
PBT	(87)%	(71)%	(60)%

Going Concern and Viability Statements continued

Stress Testing – Liquidity

The Group is not regulated for liquidity on a consolidated basis; however, the only trading entity in the Group is CAB which is regulated for liquidity by the PRA. As such the Group does not have any meaningful liquidity risks outside of those held in CAB.

CAB must adhere to key regulatory liquidity metrics (the LCR and the NSFR) as well as conduct an ILAAP on an annual basis. As part of the ILAAP, CAB must demonstrate how it meets the OLAR which states that a bank must be able to meet its liabilities as they fall due.

Within the ILAAP, CAB demonstrates that it meets the OLAR, in part, by modelling the impact of a wide variety of liquidity stresses which focus on specific liquidity risks which are relevant to its business model. The most comprehensive of these, the OLAR stress, models a severe deposit outflow as well as a variety of other factors which have a detrimental liquidity impact. The OLAR stress assesses whether CAB has sufficient liquidity to meet these outflows over a 90 day period. To ensure continued robustness from a liquidity perspective, the OLAR stress is prepared monthly and forms part of CAB's liquidity risk appetite.

Reverse Stress Testing

Reverse Stress Testing (RST) also forms part of the Group's wider stress testing framework and is conducted as part of the ILAAP and ICAAP. The purpose of the RSTs is to define scenarios which threaten the viability of CAB and the Group, assess whether these scenarios are plausible and to, where practical, build contingency plans to mitigate the likelihood of such scenarios occurring.

The RSTs considered a variety of scenarios to determine scenarios which would threaten the viability of CAB and the Group from a capital and liquidity perspective.

Assessment

The Group has a strong business franchise and a robust financial position as at 31 December 2023. All key regulatory metrics are forecast to remain above Risk Appetite over the duration of the Corporate Plan.

The Stress Testing activities conducted as part of the ICAAP, ILAAP and on an ongoing basis give the Directors comfort with regards to the Group's ability to withstand stress events and meet liabilities as they fall due.

Furthermore, none of the RST scenarios identified as part of the ILAAP or ICAAP are deemed by the Directors to be plausible based on current forecasts.

Based upon this, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and will be able to meet its liabilities as they fall due over the period to 31 December 2026. Furthermore, there is no information contained within the outer years of the Corporate Plan which the Directors consider would threaten the longer-term viability of the Group.

Going Concern

The Directors have considered the financial position of the Group, including the net current asset position, regulatory capital requirements and estimated future cash flows and have formed the view that the Group has adequate resources to continue in operational existence for a period of twelve months from when these financial statements are authorised for issue and that the Group will be able to meet its obligations as they fall due.

In order to satisfy themselves that the Group has sufficient resources to operate, the Directors have reviewed both the Group's Corporate Plan as well as the outputs of the stress testing and reverse stress testing exercises undertaken as part of the ICAAP and the ILAAP. In addition, the Directors have also taken into consideration all of the key risks articulated under the principal risks (**page 60**) and any wider macro economic factors the Group may be exposed to.

Non-financial and Sustainability Information

This section of the Strategic Report constituted the Non-Financial Information Statement of the Company, produced to comply with Sections 414(C)(A) and 414(C)(B) of the Companies Act 2006. The information listed in the table below is incorporated by cross-reference.

Reporting requirement	Policies and standards which govern our approach	Additional information and risk management
Environmental matters	Employee Travel Handbook ESG Strategy Vendor Code of Conduct Sustainable Procurement Policy	ESG (pages 28 to 46) TCFD (page 44 to 46)
Employees	Anti-Bribery & Corruption Policy Anti-Harassment & Bullying Policy Employee Code of Conduct Flexible Working Policy Health & Safety Policy Inclusive Workplace Policy Political Activity at Work Policy Whistleblowing Policy	s172 Statement (pages 48 and 49) ESG (pages 28 to 46) Audit Committee Report (pages 90 to 95) Nomination Committee Report (pages 86 to 89) Directors' Report (pages 120 to 124)
Social matters	Anti-Harassment & Bullying Policy Inclusive Workplace Policy Political Activity at Work Policy Vendor Code of Conduct Sustainable Procurement Policy Whistleblowing Policy	s172 Statement (pages 48 and 49) ESG (pages 28 to 46) Audit Committee Report (pages 90 to 95) Directors' Report (pages 120 to 124)
Respect for human rights	Anti-Harassment & Bullying Policy Employee Code of Conduct Inclusive Workplace Policy Modern Slavery Statement Political Activity at Work Policy	s172 Statement (pages 48 and 49) ESG (pages 28 to 46) Audit Committee Report (pages 90 to 95)
Anti-corruption and bribery	Anti-Bribery & Corruption Policy Conflicts of Interest Policy Employee Code of Conduct Gifts & Hospitality Policy Personal Account Dealing Policy Political Activity at Work Policy Vendor Code of Conduct Whistleblowing Policy	s172 Statement (pages 48 and 49) ESG (pages 28 to 46) Audit Committee Report (pages 90 to 95) Directors' Report (pages 120 to 124)
Description of the business model		Business Model (pages 16 and 17)
Description of principal risks and impact of business activity		Business Model (pages 16 and 17) Principal Risks and Uncertainties (pages 60 to 64) TCFD (page 44 to 46)
Non-financial KPIs		Strategic Report (pages 10 to 67) KPIs (pages 26 to 27)
TCFD		TCFD (page 44 to 46)

The policies mentioned above form part of the Group's policies, which act as the strategic link between our purpose and values and how we manage our day-to-day business. The Board has determined that the policies remain appropriate, are consistent with the Group's values and support its long-term sustainable success.

Approval

Pages 10 to 67 form part of the Strategic Report, which has been reviewed and approved by the Board.

Bhairav Trivedi
Chief Executive Officer
25 March 2024

Governance Report

Moving vital funds from

Developed Economies...

… to Emerging Markets

Chair's Introduction

Chair's Introduction to Governance

Ann Cairns
Chair

I am delighted to introduce CPH's first Governance Report as a listed company and also my first as Chair of the Board. Over the past few months, we have worked hard to establish the highest standards of corporate governance within the organisation, and I believe we have made significant progress. This Report sets out the key milestones on our journey to date, as well as some of our future aspirations.

The Board

During the first half of the year, in anticipation of the Company's IPO, we focused on building the Board. Our two Executive Directors: Bhairav Trivedi (CEO) and Richard Hallett (CFO) were appointed to the Board in 2021 and 2019 respectively. Together with the other members of CAB Payments' Executive Committee, they take forward the Company's strategy and are responsible for its operational and financial performance.

Three new Non-executive Directors (NEDs) joined the Group in 2023: Caroline Brown, Noël Harwerth and myself. Working together with the existing Directors and with four independent NEDs who have joined the Board in addition to their roles as Directors of our subsidiary, CAB, I believe we form an effective team who can lead the executive team, provide oversight as the Company goes through the early stages of life as a listed company and set the tone for the Group's purpose and culture. We continue to work alongside our non-independent NED, Simon Poole who represents our major shareholder and has served on the Board since 2016, bringing useful knowledge of the Group's recent history and corporate context. I am particularly pleased that we were able to bring Noël Harwerth onto the Board as Senior Independent Director. Noël brings a unique and hugely valuable combination of Board experience in the governmental, banking, and corporate worlds which we are already benefiting from.

In February 2024 we announced that Neeraj Kapur will succeed Bhairav Trivedi as CEO, subject to regulatory approval.

I am delighted that Bhairav has agreed to continue to represent, advise and support the Group going forward. Neeraj is a seasoned finance professional and proven leader who brings a wealth of experience to this role; we are confident that the Group will continue to flourish and grow under his leadership, as he executes our strategy to deliver long term value for all our stakeholders.

Compliance with the Code

Our approach to governance is based on the concept that good corporate governance enhances longer-term shareholder value and sets the culture, ethics and values for the Group. Consistent with our belief in the importance of corporate governance, the Group as a whole has been working towards compliance with the Code since before the IPO in July 2023 and the Company aspires to be in full compliance with it before the end of 2024.

Diversity

We have started life as a listed company meeting the current expectations of investors and regulators in relation to the diversity of our Board, both in terms of gender and ethnicity, and further information about the composition of the Board is shown on **pages 88 and 89**. We fully recognise the value of diversity in the make-up of our Board, executive leadership and across our workforce generally. We are not complacent and recognise that we still have work to do particularly in bringing a broader cross-section of nationalities onto the Board and at all levels in the organisation as our workforce and structures develop and grow.

Committees

Prior to our listing, a significant amount of work was undertaken to ensure that the Group had the appropriate governance systems in place. Our Nomination and Remuneration Committees are now up and running alongside our existing Audit and Risk Committees and their respective reports outline their initial priorities and workstreams. I am pleased to see plenty of dialogue among Board members and the executives between formal meetings and our new Committee Chairs are building good working relationships with their counterparts within the executive team which I believe will bear fruit as the Committees settle into their cycles of annual activity.

Stakeholders

The CAB Payments group of companies has a unique purpose in the banking world: we facilitate billions of dollars of aid payments, getting money to the people who really need it the most, particularly in emerging markets or frontier markets. The Board takes the Group's purpose seriously and recognises the importance of all its stakeholders in fulfilling its purpose.

The Group's application for B Corp status, which was awarded in August 2023, is evidence of that commitment and we will seek to build on it in the coming months and years. The strength of our other stakeholder relationships – particularly clients – is discussed at length in our Strategic Report (see **pages 48 and 49**).

Relationship Agreement and Independence

In this Report, we provide details on the arrangements we have put in place to ensure a clear and transparent framework for our cooperation with our major shareholder. These arrangements will enable us to benefit from a close working relationship with our major shareholder while retaining our ability to operate independently for the benefit of all our stakeholders.

Board Effectiveness

My Board colleagues and I desire to be effective in our work and therefore are keen to have regular reviews of our own effectiveness as part of our Board programme. We undertook an internally-run Board review in December 2023 and plan to run an externally facilitated review in the second half of 2024 by which time the Board will have had more experience of working together in its current configuration.

Annual General Meeting

The Company's first Annual General Meeting (AGM) will take place at 2.00pm on Thursday, 9 May 2024 at The News Building, 3 London Bridge Street, London SE1 9SG. All Directors will attend this event, which will provide an opportunity for shareholders to hear more about our performance and to ask questions of the Board. I look forward to meeting any shareholders who can join us at our AGM and extend my thanks to you all for your continued support.

Finally, I would like to thank the Board and all of the Group's employees who worked so tirelessly before, during and following our IPO for their dedication and endeavours. I look forward to working with them during the coming year to develop and strengthen our approach to governance as we continue to seek to create value for all our stakeholders.

Ann Cairns
Chair
25 March 2024

Board of Directors

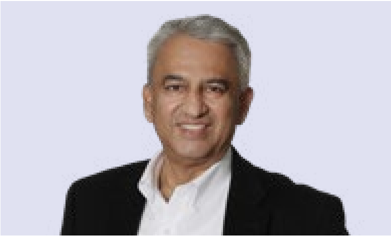
Ann Cairns
Chair

N R B

Date of appointment:
23 February 2023, as a Director and 26 May 2023 as Chair

Experience:
Ann has held board positions with ICE, AstraZeneca, Charity Bank and UK Government's BEIS. Until 2022, Ann was executive Vice Chair of Mastercard, after being President of International Markets. Ann led the London Financial Services Group at Alvarez & Marsal, after 20 years in payments and FX at ABN-AMRO and Citi. Ann has a Pure Mathematics degree, honorary Doctorate from Sheffield University and MSc and honorary Doctorate from Newcastle University. She is a fellow of London Business School.

External appointments:
Ann is on the board of Lightrock, a global private equity platform investing in sustainable businesses. She is Chair of Financial Alliance for Women and TMF Group.



Bhairav Trivedi
Chief Executive Officer

B T

Date of appointment:
1 March 2021

Experience:
Bhairav has 35 years' experience in financial services, with strong focus on payments and payment processing, cross-border remittance and financial technology. He held senior roles at leading financial institutions including Finablr, Network International Payment Solutions, Sigue Global Services, and Citi. He founded PayQuik, worked at McKinsey & Co., Fair Isaac and Providian Bancorp. Bhairav has an MBA from the Wharton School, University of Pennsylvania, Masters in Engineering Economic Systems from Stanford University and an undergraduate degree in Engineering from Birla Institute of Technology.

Richard Hallett
Chief Financial Officer

B T

Date of appointment:
3 September 2019

Experience:
Richard's career spans more than 30 years in top tier financial services organisations with an extensive track record across the investment banking, commercial and retail banking sectors both regionally and globally. Richard was formerly CFO of Barclays Africa and CFO of Absa Capital. Previous roles also include senior positions at RBS, Morgan Stanley and Credit Suisse First Boston. Richard started his career at Price Waterhouse as a qualified Accountant and holds a BSc (Hons) in Chemistry from the University of East Anglia.

Noël Harwerth OBE
Senior Independent Director

A K N R B

Date of appointment:
23 February 2023

Experience:
Noël has wide experience in banking and financial services, with prior roles at Standard Life, London Metals Exchange, Bank of England, GE Capital Bank Europe, and Sumitomo Mitsui Bank. She also worked with Dominion Diamond, Avocet and Sirius Minerals, as well as Alent, Corus, Logica, Impellam Group, RSA Insurance Group and the British Horseracing Authority, the London Underground (Transport for London), and Tote. Noël has a JD Degree from the University of Texas Law School.

External appointments:
Noël is Chairman, UK Export Finance Agency and director of UK Department of Business & Trade and OSB Group plc. She is liveryman of the WCIB, Chair of the UK chapter of Woman Corporate Directors and a member of the IWF.

Simon Poole
Non-executive Director

B T

Date of appointment:
19 April 2016

Experience:
Simon has a range of international finance and administration experience. He has been Operating Partner for Helios Investment Partners since 2011, serving on the boards of Helios Towers Africa, Vivo Energy, Interswitch and Fawry. Previously he was CFO of Intela Global Ltd and Celtel International (in Burkina Faso, Chad and DRC), after roles with Price Waterhouse, Bank of America and BT. Simon qualified as a Chartered Accountant with Price Waterhouse and is a member of the Institute of Chartered Accountants in England & Wales.

External appointments:
Simon serves on the board of The Malachite Group.

For further details on our Board of Directors please visit https://cabpayments.com/investors

Key

- A Audit Committee
- K Risk Committee
- R Remuneration Committee
- N Nomination Committee
- B Director, Crown Agents Bank Limited
- T Director, CAB Tech Holdco Limited
- Chair

Jennifer Johnson-Calari
Independent Non-executive Director

A K B T

Date of appointment:
26 April 2023

Experience:
Jennifer brings over 37 years of financial services experience and is a former Director of the World Bank's Reserves Advisory & Management Program (RAMP). Following roles with Federal Reserve Board and US OCC, she was Portfolio Manager at the International Bank for Reconstruction & Development, then Director of Sovereign Investment Partnerships at the World Bank. Jennifer co-authors and contributes to publications on banking and policy issues, and is an editor and contributing author of Sovereign Wealth Management.

External appointments:
Jennifer is Non-executive Director of MGIM, London and CAIM, London and an independent Non-Executive Director of Clubhouse International in New York.

Karen Jordan
Independent Non-executive Director

A K B T

Date of appointment:
26 April 2023

Experience:
A specialist in banking and asset management, Karen has worked with PwC, Barclays and State Street. She advises on global and cross-border regulatory and law enforcement matters on a range of complex governance, regulatory and reputational challenges, taking the lead role in ensuring that projects to provide redress to clients due to mis-selling or wrongdoing were well-managed and produced fair outcomes. Karen has an auditing background and is a qualified Chartered Certified Accountant.

External appointments:
Karen holds a small number of non-executive roles with private companies. These roles include financial services companies and the whistleblower protection charity, Protect.

Susanne Chishti
Independent Non-executive Director

N B T

Date of appointment:
26 April 2023

Experience:
Susanne has over 25 years of expertise on organisational governance in the SME market, holding senior positions at Deutsche Bank, Lloyds Banking Group, Morgan Stanley and Accenture. Susanne co-edited 'The FINTECH Book' series and was recognised in the Evening Standard's 'Top 10 global fintech influencers' in 2022, the "Fintech Champion of the Year" in 2019 (Women in Finance) and in the European Digital Financial Services 'Power 50' in 2015. Susanne holds an MBA from Vienna University of Economics and Business.

External appointments:
Susanne is a Non-executive Director at CMC Markets PLC and CEO of FINTECH Circle, Europe's first Angel Network focused on fintech innovation.

Dr Caroline Brown
Independent Non-executive Director

A K R B

Date of appointment:
26 April 2023

Experience:
Dr Brown's experience includes 15 years in corporate finance with BAML (New York), UBS and HSBC; 15 years as an operating CFO in technology and engineering businesses and over 20 years chairing audit and risk committees of listed entities including Earthport plc prior to its acquisition by VISA International. Caroline holds an MA and PhD from the University of Cambridge, an MBA from the University of London and is a Fellow of the Chartered Institute of Management Accountants.

External appointments:
Caroline is a director of IP Group plc, Ceres Power Holdings plc and Luceco plc. She also sits on the Global Partnership Council of Clifford Chance.

Mario Shiliashki
Independent Non-executive Director

N R B T

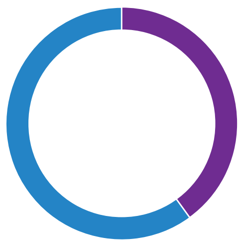
Date of appointment:
26 April 2023

Experience:
Mario brings a wealth of experience in global payments and fintech. He led MasterCard's global eCommerce and cross-border trade initiatives, launching and commercialising their first open API developer platform. He drove PayPal's expansion into Asia and Europe after roles with Bain & Company and Goldman Sachs. Mario speaks at payments and fintech conferences and contributes to several industry publications. He holds an MBA from Harvard Business School and an International Directors Programme Diploma from INSEAD.

External appointments:
Mario was until recently the CEO of PayU Global – a leading global online payments player in high-growth emerging markets.

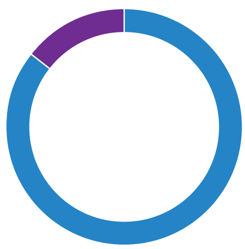
Gender

- Male: 40%
- Female: 60%



Independence

- Non-independent Non-executive Directors: 14.3%
- Independent Non-executive Directors: 85.7%



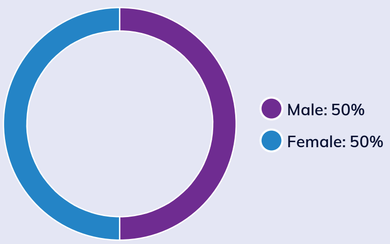
Board Statements

Requirement	Compliance statement	Where to find further information
Strategic Report	The Strategic Report was approved by the Board of Directors on 25 March 2024.	Pages 10 to 67
Non-financial and Sustainability Information Statement	The Company has complied with the Non-Financial Reporting Directive contained in Sections 414CA and 414CB of the Companies Act 2006.	Page 67
s172 of the Companies Act 2006	The Board of Directors, through the Strategic Report, provides information for shareholders to help them assess how the Directors have performed their duty, under s172, to promote the success of the Company and, in doing so, had regard to the matters set out in that section. This includes considering the interests of other stakeholders which will have an impact on the long-term success of the Company.	Pages 48 and 49
Compliance with the Code	In accordance with the Listing Rules, the Company confirms that for the period from Admission to the Main Market of the London Stock Exchange on 11 July 2023 to 31 December 2023 and at the date of this Annual Report, it was in compliance with all the relevant provisions as set out in the Code with the exception of Provision 5 relating to workforce engagement. Details on how the Company will comply with Provision 5 by the end of 2024 are set out on page 84.	Pages 68 to 125
Going concern	After making appropriate enquiries and taking into account the matters set out in this Annual Report, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date of approval of this Annual Report and therefore continue to adopt the going concern basis when preparing the financial statements.	Page 66
Viability statement	The Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period under review.	Page 65
Robust assessment of the principal risks facing the Group	The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its strategy, business model and future performance. The Directors also assessed the Group's risk appetite with regard to each risk and considered how to manage and mitigate such risks.	Pages 60 to 64

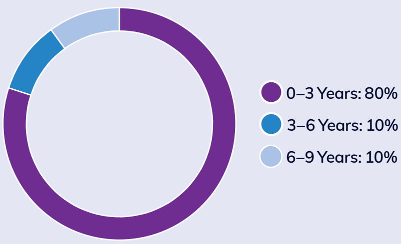
Requirement	Compliance statement	Where to find further information
Annual review of the systems of risk management and internal control	The Directors confirm that they have carried out a robust assessment of the risk management and internal controls systems of the Group, assisted by the Risk and Audit Committees and based on the three lines of defence model that is in place.	Pages 90 to 97
Fair, balanced and understandable statement	The Board agrees with the recommendation of the Audit Committee that this Annual Report, taken as a whole, is fair, balanced and understandable.	Page 92
Directors' Remuneration Report	The Directors confirm that their report on remuneration for the period ended 31 December 2023 complies with the requirements of the Listing Rules, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the provisions of the Code.	Pages 98 to 119
Competition and Markets Authority	The Audit Committee considers that the Company complied with the mandatory audit processes and Audit Committee responsibility provisions of the Competition and Markets Authority Audit Order for the year ended 31 December 2023.	Pages 90 to 95
Modern Slavery Act 2015	The Directors confirm, for the financial year ended 31 December 2023, that steps have been taken in relation to our responsibilities under Section 54 of the Modern Slavery Act 2015 and that the Board approved a statement setting out the steps that have been taken to combat modern slavery in the Group's supply chain.	Page 122
TCFD	The Directors confirm that the Group has met all TCFD requirements related to the governance, risk management, and metrics and targets pillars. Additionally, the Group has fulfilled parts 'a' and 'b' of the strategy disclosure requirements. The Group has not provided the recommended disclosures with part 'c' of the strategy pillar, which is the completion of a 2°C scenario analysis. This is attributed to the fact that the identified risks do not have a material impact on the Group. The Group will undertake a 2°C scenario analysis when any impact exceeds the materiality threshold, in accordance with best practice.	Pages 44 to 46

Key Board Metrics

Key Roles (Chair, CEO, CFO and SID)



Length of service (as at 31 December 2023)



Corporate Governance Statement

How we are governed

Statement of Compliance with the Code

As a premium listed Company on the London Stock Exchange, the Company is reporting in accordance with the UK Corporate Governance Code (the Code) published in July 2018. The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

The Code is published by the UK Financial Reporting Council (FRC) and a copy of the 2018 UK Corporate Governance Code is available from the FRC website at www.frc.org.uk.

The Board confirms that the Company has complied with the Code throughout the period under review with the exception of Provision 5 relating to workforce engagement. Measures are set out on **page 84** that are intended to deal with this matter and bring the Company into full compliance with the Code before the end of 2024.

Further information about the Company's compliance with the Code can be found in the following sections of this Annual Report and on the Company's website at https://cabpayments.com/investors/.

Our Governance framework

Nomination Committee
The Nomination Committee assists the Board in relation to the composition and make-up of the Board and its Committees. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and its Committees. It also monitors the independent status of the Independent Non-executive Directors and is responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or Committee members.

See / **Page 86**

Committee members:
Ann Cairns (Chair)
Susanne Chishti
Noël Harwerth
Mario Shiliashki

Remuneration Committee
The Remuneration Committee assists the Board in relation to Directors' remuneration including making recommendations to the Board on the Company's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors, senior managers and the Company Secretary.

See / **Page 98**

Committee members:
Noël Harwerth (Chair)
Caroline Brown
Ann Cairns
Mario Shiliashki

Risk Committee
The Risk Committee assists the Board with regard to managing the Group's risk framework (including recommendations on financial, operational and reputational risk), internal controls and risk reporting. Its role includes assisting the Board with risk appetite, tolerance and strategy, and the monitoring of internal controls and risk systems and annual review of the effectiveness of the internal control system.

See / **Page 96**

Committee members:
Jennifer Johnson-Calari (Chair)
Caroline Brown
Noël Harwerth
Karen Jordan

Audit Committee
The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting and external audits. Its role includes reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the external auditor, advising on the appointment of and relationship with the external auditor, and reviewing the effectiveness of the external audit process.

See / **Page 90**

Committee members:
Karen Jordan (Chair)
Caroline Brown
Noël Harwerth
Jennifer Johnson-Calari

Disclosure Committee
The Disclosure Committee assists the Board in reaching the accurate and timely disclosure of price-sensitive information to meet the legal and regulatory obligations and requirements of a company listed on the London Stock Exchange.

See / **Page 78**

Committee members:
Ann Cairns (Chair)
Richard Hallett
Noël Harwerth
Karen Jordan
Bhairav Trivedi

Board sub-committees
In order to ensure continuing oversight of certain key matters, for example the development of the Company's ESG strategy, the Board has formed a number of sub-committees and advisory panels consisting of Board members with support from standing attendees from the management team. Discussions are then reported to the Board, with recommendations for next steps.

Corporate Governance Statement continued

Board Leadership and Purpose

The Board of Directors

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Group and to oversee the performance of the Company's business to promote long-term, sustainable success. The Board is the principal decision-making body for all matters that are significant to the Group, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the general meeting of shareholders by law or by the Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Group;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of new ordinary shares and any restructuring of the Company;
- determining the remuneration policies of the Company;
- ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling shareholder meetings and ensuring appropriate communication with shareholders.

Division of Responsibilities

There is a clear division of responsibilities between leadership of the Board and executive management leadership of the Company's business. Ann Cairns was appointed as Chair on 26 May 2023 and was independent on her appointment to the role. Bhairav Trivedi is the CEO and, therefore, the roles of Chair and CEO are held by different people. Noël Harwerth, Senior Independent Director, was appointed on 23 February 2023.

The key responsibilities of the Board and its committees are set out in writing and are available on the Company's website at https://cabpayments.com/investors/ where the following documents are published:

- Schedule of Matters reserved for the Board
- Terms of Reference for each Committee of the Board
- Responsibilities of Chair, CEO and Senior Independent Director

Each of these documents were considered at the time of the Company's IPO and reviewed and approved subsequently by the Board and committees. In addition to the six scheduled meetings of the full Board during 2023, the Chair and Non-executive Directors held discussions without the Executive Directors present at the end of Board meetings whenever possible. This ensures a free and frank exchange of views on the effectiveness of the Executive Directors and senior management and provides an opportunity to discuss any other matters as necessary.

In December 2023, the Senior Independent Director held a separate meeting with the Non-executive Directors, without the Chair present, to evaluate the performance of the Chair.

Committees of the Board

Certain specific responsibilities are delegated to the Committees of the Board, notably the Audit, Nomination, Risk and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. Further details are set out in the reports of each Committee that follow this statement.

A Disclosure Committee of the Board is also in place, to ensure that adequate procedures, systems and controls are maintained and operated to enable the Company to fully comply with its obligations regarding the timely and accurate identification and disclosure of all information to meet the legal and regulatory obligations and requirements arising from the Companies Act 2006, the Listing Rules, the Disclosure Guidance and Transparency Rules and the EU Market Abuse Regulation, as it forms part of retained EU law. The Board notes, however, that the existence of this Disclosure Committee does not absolve the Board from its obligations in this area. This Committee comprises the CEO, the CFO, the Chair of the Board, the Senior Independent Non-executive Director and the Chair of the Audit Committee. By its nature, the Disclosure Committee meets on an ad-hoc basis, when circumstances require.

Membership of each Committee of the Board is reviewed annually and minutes of Committee meetings are made available to all Directors on a timely basis. The written terms of reference for the Audit, Risk, Disclosure, Nomination and Remuneration Committees, all of which were reviewed, updated where necessary and approved during the year, are available on the Company's website at https://cabpayments.com/investors.

The Chairs of the Audit, Nomination, Risk and Remuneration Committees intend to be available at the AGM to answer questions on the work of their respective Committees.

Company Secretary

All Directors have access to the advice of the Company Secretary, Lesley Martin, who is responsible for advising the Board on all governance matters. The appointment and removal of the Company Secretary is a reserved matter for the whole Board.

Summary of Roles

Chair	
Facilitates effective Board decision-making and governance by ensuring effective information flows and sufficient time for agenda item discussion. Facilitates constructive Board relations and discussions. Oversees Director induction and training.	Oversees Board and Committee performance evaluation process. Oversees succession planning process as Chair of Nomination Committee. Oversees engagement with key stakeholders, including shareholders.
Chief Executive Officer	
Manages the Group on a day-to-day basis with support of executive management. Develops and implements Group strategy, plans and commercial objectives. Manages and mitigates Group principal and emerging risks.	Oversees development needs for Executive Directors and senior management. Oversees succession planning for key personnel.
Senior Independent Director	
Leads the review of the performance of the Chair of the Board. Acts as a sounding board for shareholder queries where inappropriate to raise with the Chair of the Board or Executive Directors.	Provides a sounding board for the Chair of the Board. Chairs the Nomination Committee in instances where succession plans for the Chair of the Board are considered.
Chief Financial Officer	
Leads, directs and oversees all aspects of the finance and accounting functions of the Group. Manages relationships with the external auditor and key financial institutions and advisers.	Leads, directs and oversees the Group's Finance, Treasury and Tax functions. Ensures effective internal controls are in place and compliance with appropriate accounting regulations for financial, regulatory and tax reporting.
Non-executive Directors	
Monitors and oversees Group performance against objectives.	Approves and oversees strategic direction. Serves on Committees.
Company Secretary	
Supports the Board to ensure efficient and effective functioning. Supports the Directors in receiving information in a timely manner.	Available to Directors individually and collectively for advice on governance matters.

Corporate Governance Statement continued

Independence

The Nomination Committee, on behalf of the Board, has considered the independence of its NEDs and confirms that all of the NEDs designated as being 'independent' within the meaning of the Code are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board therefore consists of six independent NEDs, two Executive Directors, one NED appointed by the Company's largest shareholder (non-independent) as well as the Chair, who was considered to be independent on appointment.

Board Development

New Directors participate in an induction programme on the operations and activities of the Group, the role of the Board and the matters reserved for its decision, the Group's corporate governance practices and procedures and their duties, responsibilities and obligations as Directors of a listed public company. This programme is supplemented by meetings with, and presentations by, senior executives and the Group's advisers.

Conflicts of Interests and Directors' Concerns

The Group has procedures in place, which will be reviewed on an annual basis, to deal with the situation where a Director has a conflict of interest.

At the beginning of each Board meeting, Directors are reminded of their duties under sections 175, 177 and 182 of the Companies Act 2006 which relate to the disclosure of any conflicts of interest prior to any matter that may be discussed by the Board. Directors also notify the Board of any other new board and other appointments that they have or are about to take on so that they can be recorded and reviewed by the other Directors.

A procedure is in place for Directors to raise concerns about the operation of the Board or the management that cannot be resolved through the Senior Independent Director.

Board Activities

At each Board meeting the CEO presents an update on performance, strategy and business issues and the CFO presents a detailed analysis of the financial performance of the Group. Senior Executives below Board level attend relevant parts of Board meetings to make presentations on their areas of responsibility; this gives the Board access to a broader group of Executives and helps the Directors make ongoing assessments of the Group's succession plans.

During the early part of 2023, the Board of Directors of CAB Payments Holdings plc consisted of Directors appointed by the Helios Funds, the Company's major shareholder.

During the middle part of the year, the Board focused on the Company's admission to listing on the Main Market of the London Stock Exchange (Admission to Listing) which completed in July 2023. A key workstream during the IPO was the establishment of a robust framework of governance, which the Board has continued to develop during the period following the IPO.

Board Attendance[1]

	Board
Ann Cairns (Chair)	6/6
Caroline Brown[2]	5/6
Susanne Chishti	6/6
Richard Hallett	6/6
Noël Harwerth	6/6
Jennifer Johnson-Calari	6/6
Karen Jordan	6/6
Simon Poole	6/6
Mario Shiliashki	6/6
Bhairav Trivedi	6/6

Notes

1 The information in this table relates to the period from the Company's admission to the Main Market of the London Stock Exchange on 11 July 2023 until 31 December 2023.

2 Caroline Brown was unable to attend the Board meeting held on 15 November 2023 but received all papers relating to the business of the meeting and had the opportunity to discuss any issues arising with the Chair before the meeting.

Board Performance Review

The effectiveness of the Board and its Committees is regularly reviewed with the most recent externally facilitated review of the Board undertaken in December 2021 by Odgers Berndtson (who have no connection to the Group or any individual Director) with a questionnaire-based Board review facilitated by the Company Secretary in early 2023.

Given the changes to Board composition as part of the preparations for the IPO in July 2023, the Board agreed to defer a further formal review to allow the new Board to settle. A further internal review was undertaken in December 2023, with an externally facilitated Board review now scheduled to be conducted in the second half of 2024; outcomes from this review will be reported in the Company's 2024 Annual Report.

The key activities and discussions of the Board during the year were:

	Key Approvals	Key discussions
Strategy	Admission of the Company's shares to Listing	
Operational	Business Plan and Budget Prudential Regulation Authority Recovery Plan	
Financial	Half-year results Q3 trading update 2023 Reforecast Dividend Policy	Established the Audit Committee
Risk	Risk Management Framework Principal and emerging risks Group Risk Appetite	Established the Risk Committee
Governance	Relationship Agreement with the Helios Funds Schedule of Matters Reserved for the Board	
Workforce	Group Whistleblowing Policy	Workforce engagement mechanism HR Reports
Sustainability	B Corp Application	
Board Composition	New Board appointments (NEDs) Membership of Board Committees	Established the Nomination Committee Reviewed Succession Plan
Remuneration	Directors Remuneration Policy	Established the Remuneration Committee

Corporate Governance Statement continued

Financial and Business Reporting

Strategy and Business Model

At the time of the IPO, the Board stated that the next phase of strategy for the Group was to expand its sales and delivery capacity to take advantage of its market-leading product and service offering.

Consequently, its agreed strategy consists of:

- increasing transaction share with existing clients;
- expanding and increasing the geographical presence of its sales team;
- strengthening the Group's core offering;
- expanding global coverage to 24 hours; and
- developing its major market bank client segment.

Further information about the strategy / **Pages 18 to 25**.

In preparation for the IPO, the Board assessed the Group's business case and thereby confirmed the basis upon which CAB Payments generates and preserves value over the long term (the business model can be found on **pages 16 and 17** of the Strategic Report). In particular, the opportunities for the future success of the business were considered by the Board and described in the IPO prospectus along with an assessment of the sustainability of the Group's business model. The Group's governance framework was also developed ahead of the IPO as set out in this Report. The Board considers that this supports the delivery of its strategy.

Operational Performance

The Board is responsible for ensuring that the necessary resources are in place for the Group to meet its objectives and measure performance against them. Review and approval of the annual budget forms part of this assessment, in addition to the Board's ongoing assessment of the Executive Directors' implementation of the approved strategy. The Board has reviewed the Budget and Business Plan for 2024 which provides the basis for the allocation of resources and capital expenditure for the year.

Audit, Risk and Internal Control

The Board is ultimately responsible for the Group's financial reporting, risk management framework, compliance with regulatory requirements and the quality of its internal controls systems. In fulfilling these responsibilities, it is supported by the Audit and Risk Committees. The terms of reference of both Committees were reviewed and upgraded prior to the Company's Admission to Listing to ensure that they clearly reflected the full range of responsibilities that audit and risk committees in listed companies would be expected to undertake, and were aligned and coordinated with each other's terms of reference and the terms of reference of other Board Committees with a relevant involvement in matters relating to risks and controls. These terms of reference are available on the Company's website https://cabpayments.com/investors/

In anticipation of the IPO, the membership of both the Audit Committee and Risk Committee was extended with Noël Harwerth and Caroline Brown each being appointed to both Committees. Having the same members on both Committees ensures that the level of overlap in the discussions and decision-making of each Committee is minimised and coordination is optimised.

The experience of the Committee members is as follows:

- Karen Jordan has an auditing background and executive experience in banking and asset management. She qualified as a Chartered Certified Accountant in 1992.
- Jennifer Johnson-Calari brings over 37 years of financial services experience across governance, central banking, portfolio and risk management and bank supervision.
- Noël Harwerth has experience on audit committees of several multinational boards, including governmental agencies and listed companies.
- Caroline Brown has over 20 years' experience of chairing audit and risk committees of listed businesses. She is a Fellow of the Chartered Institute of Management Accounting.

More information on the experience and skills of Board members / **Pages 72 and 73**.

Risk and Internal Controls

The Group's risk assessment process and the way in which significant business risks and controls are managed is the collective responsibility of the Board. Our activity here is driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on **pages 60 to 64**.

Building on work undertaken during the IPO, the Group continues to enhance its internal control environment.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the Board, supported by the Audit and Risk Committees, is responsible for ensuring the effectiveness of these controls.

Ahead of the IPO, an analysis of the Group's system of internal controls and the risk management framework was carried out both through internal reviews and also with the assistance of external advisers, as part of the review of financial position and prospects procedures. Actions to deal with potential areas of concern that were identified through this process have been subject to scoping, review and approval by the Audit Committee, with the two remaining actions to be resolved in 2024.

In accordance with the requirements of the Code, the Board has reviewed the Group's ERMF and internal control systems. No significant failings or weaknesses were identified as a result of the review.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the twelve months from the date of approval of this Annual Report. Accordingly, and consistent with the guidance contained in the document titled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the FRC, they continue to adopt the going concern basis in preparing the annual financial statements.

Corporate Governance Statement continued

Culture, Values and Purpose

Mechanisms for Monitoring and Assessing Culture

The Board is responsible for monitoring and assessing culture and ensuring that policy, practices and behaviours throughout the business are aligned with the Group's purpose, values and strategy. The Board monitors employee morale and the Group culture through Glass Door reviews and employee surveys which are regularly discussed with the Board by the Group Head of HR.

New joiners to the Group, including new Directors, complete a suite of courses as a part of their induction which not only provide up-to-date guidance on regulatory requirements but also includes sessions on fostering and maintaining the right culture for the business. This continues to be supported for continuing employees and Directors with regular updates and training reviews.

The Board monitors employee morale and the Group's culture through employee surveys and GlassDoor reviews which are regularly discussed with the Board by the Group Head of HR to assess sentiment and to identify areas that may need development or additional focus to align with the values that the Group seeks to uphold.

Workforce Policies and Practice

The Board is responsible for ensuring workforce policies and practices are consistent with the Group's values and support its long-term sustainable success. The Board is responsible for approving (including any changes to) the Group's major policies, including those relating to the conduct of business, regulatory compliance and conduct, whistleblowing, modern slavery and human trafficking, code of ethics, financial crime prevention and conflicts of interest, which will be reviewed on an annual basis going forwards.

Workforce Engagement

The CAB Payments Executive team engages with employees through a wide range of channels including regular anonymous workforce surveys and regular townhall meetings for all employees, with smaller focus groups on specific issues.

The Directors understand the importance of providing opportunities for the workforce to engage with them directly to provide feedback on the employee experience. In 2024, the Board will be launching a programme to enable direct engagement with the workforce through face-to-face meetings for employee groups with a nominated Non-executive Director, Susanne Chishti. Details of the workforce engagement programme and any actions arising from this programme will be reported in the 2024 Annual Report.

Whistleblowing

The Board places great importance on having arrangements in place which mean that all employees have confidence in speaking up if they identify concerns, safe in the knowledge that they will be listened to and will suffer no reprisals for raising those concerns. The Board has delegated oversight of the Group's whistleblowing policies and procedures to the Risk Committee. Karen Jordan is the Board's appointed Whistleblowing Champion. Details of the current policy and procedures are set out in the Group Whistleblowing Policy. All employees undergo regular training on whistleblowing and a report is provided to the Board annually in relation to incidents reported via the Group's whistleblowing arrangements together with an assessment of the effectiveness of those arrangements.

Stakeholder Engagement

During 2024 the Board will continue to develop its approach to the evaluation of stakeholder considerations within the Board's decision-making process. Details of how the Board has engaged with stakeholder groups can be found in the s172 Statement on **pages 48 and 49**.

Shareholders

Since Admission to the Main Market of the London Stock Exchange, a formal programme of engagement with shareholders has been developed. In October 2023, the Board appointed J.P. Morgan Cazenove, Barclays Bank PLC and Canaccord Genuity Limited as corporate brokers and has established an Investor Relations team who will facilitate feedback to the Board as necessary on shareholder issues.

The Executive Directors are in regular contact with the largest investors, meeting with shareholders following the release of the Company's 2023 half year announcement in September 2023 and the updates published in October 2023 and January 2024 to discuss concerns and receive feedback. The Chair is available to speak with shareholders on governance matters, as is the Senior Independent Director.

Relationship Agreement

The Company's principal shareholders, Helios Investors III, LP and Helios Investors III (A), LP (together, the Helios Funds), each acting by its general partner Helios Investors GENPAR III, LP, have entered into a relationship agreement with the Company (the Relationship Agreement). The Relationship Agreement will for such time as the individual or combined shareholdings of the Helios Funds are greater than or equal to 10%, regulate the ongoing relationship between the Company and the Helios Funds in particular arrangements to ensure that the Company is capable of carrying on its business independently of Helios and that transactions and arrangements with the Helios Funds are conducted at arm's length and on normal commercial terms. The Board has also agreed procedures for monitoring related party transactions under Chapter 11 of the Listing Rules.

The Relationship Agreement complies with the independence provisions set out in Listing Rule 6.1.4DR for controlled companies. Any new contract with the Helios Funds will require Board approval. The Helios Funds have also undertaken not to exercise their voting rights to amend the Articles of Association in a way which would be inconsistent with the provisions of the Relationship Agreement and to abstain from voting on any resolution to approve a related party transaction (as defined in paragraph 11.1.5 R of the Listing Rules) in which the Helios Funds are interested.

The independent Non-executive Directors will annually review the good standing of the Relationship Agreement to ensure that they are satisfied that the Company has complied with the independence provisions included in the Relationship Agreement during the relevant financial year.

As far as the Company is aware, such provisions have been complied with during the financial year ended 31 December 2023 by Helios Funds.

Remuneration

The Directors' Remuneration Report is set out on **pages 98 to 119** and provides details of our Remuneration Policy and how it has been implemented, together with the activities of the Remuneration Committee.

AGM

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

The Board views the AGM as a valuable opportunity to communicate with private shareholders in particular, for whom it provides the opportunity to ask questions of the Chair and, through her, the Chairs of the key Committees and other Directors.

To ensure transparent representation of shareholder views, resolutions at the 2024 AGM will be subject to poll voting. This gives shareholders the ability to vote directly on the resolutions either in person at the meeting, or by submitting their proxy instructions to the Company's Registrar, Equiniti, in advance of the meeting.

Nomination Committee Report

A focus on succession planning

Ann Cairns
Chair, Nomination Committee

Understanding key person risk and establishing succession planning is one of the Committee's main goals.

Role and Responsibilities

The Nomination Committee was established at the start of 2023, with its primary objective being to ensure that Non-executive Directors were recruited who would together make up a strong, experienced, and diverse Board. I am therefore delighted that we were able to start our journey as a listed company with such a strong and well-balanced team.

We have a Board which is able to bring together a valuable blend of knowledge, experience and insight to our discussions. We also have a Board that meets all the current stakeholder expectations in relation to the diversity of its composition.

Since its inception, the Nomination Committee has also undertaken an initial review of the current succession plans for the executive management team, and we plan to spend more time focusing on this area, including diverse representation within it, during 2024.

Committee membership and attendance

Current members	Attendance
Ann Cairns (Chair)	2/2
Susanne Chishti	2/2
Noël Harwerth	2/2
Mario Shiliashki	2/2

Key Duties

The terms of reference of the Nomination Committee, which were reviewed and approved during the year, are available on the Company's website at **https://cabpayments.com/investors/**

In accordance with its terms of reference, the Nomination Committee's key duties include:

- regularly reviewing the Board structure, size and composition (including the skills, knowledge, independence, experience and diversity) and making recommendations to the Board about suitable candidates for the role of Senior Independent Director, and membership of Committees, in consultation with the Chairs of the relevant Committees;
- considering plans for orderly succession on the Board and in the Group's senior leadership with a view to ensuring the continued ability of the organisation to compete in the marketplace; and
- leading the search process and making recommendations to the Board for the appointment of new Directors.

Board Composition and Succession

The Chair, Ann Cairns, and six independent Non-executive Directors (myself and two others being new to the Group) were appointed to the Company's Board in the first half of the year, in anticipation of the Company's IPO. The CEO, Bhairav Trivedi, the CFO, Richard Hallett and Simon Poole, a NED appointed by Helios Funds, were appointed to the Board in prior periods.

In February 2024 we announced that Neeraj Kapur will succeed Bhairav Trivedi as CEO, subject to regulatory approval. A robust search and assessment process was carried out in conjunction with executive search firm Sapphire Partners. Bhairav will continue to represent the Group as a Senior Adviser to the Board.

Russell Reynolds Associates, Sapphire Partners and Next Ventures Global Staffing Solutions were retained to assist with the recruitment of new Non-executive Directors during the year and are each independent, with no other connection to the Company; Russell Reynolds Associates and Sapphire Partners are signatories to the enhanced Voluntary Code of Conduct for Executive Search Firms on diversity and best practice.

A description of the skills and experience of all of the Directors is set out on **pages 72 and 73** of the Annual Report, demonstrating the comprehensive range of collective experience in the fintech and payments sector that they bring to Board discussions. The Board members also bring practical knowledge and understanding of central banks and the legal and regulatory frameworks within which the Group operates.

The Committee will keep the leadership needs of the organisation, both the Executive and Non-executive Directors, under review to underpin the growth of the business.

Nomination Committee Report continued

Induction and development

Each of the Directors appointed during the year has been briefed on CAB Payments' operations and provided with opportunities for individual briefings with each of the members of the Executive Committee. In addition, the Group's legal advisers provided briefings for the Directors on their legal duties and responsibilities as Directors of a Main Market listed company. The Company Secretary will also supply regular updates to the Directors on relevant legal and corporate governance developments.

Election and re-election of Directors

The Directors will stand for election in accordance with the provision of the Articles of Association of the Company at the AGM and will be subject to annual re-election in future years in compliance with the Code. The Nomination Committee is satisfied that the contributions made by the Directors offering themselves for election at the AGM continue to benefit the Board and shareholders will therefore be invited to support their election.

External directorships and Directors' time commitments

Significant time commitments of potential Directors are considered before an appointment is formalised.

The Board believes, in principle, in the benefit of Executive Directors accepting Non-executive directorships of other companies in order to widen their skills and knowledge for the benefit of the Group. All such appointments require the prior approval of the Board and the number of public company appointments is limited to one. The Executive Directors have not held any such appointments since the IPO.

The external time commitments of our NEDs has also been considered and the Committee is confident that they each have sufficient time available to meet their Board responsibilities.

Performance Review

A review of the performance of the Committee will form part of the Board Performance Review to be conducted in the second half of 2024 and will take place on an annual basis going forward.

Succession Planning for Senior Executives

A key part of the Committee's role is to maintain an ongoing assessment of the senior leadership depth and improve the effectiveness of the internal talent pipeline.

A review of the internal succession pipeline was undertaken in the second half of 2023, with the aim of enhancing visibility and awareness of leadership talent, strengths and gaps, and this exercise will be revisited in 2024.

Board Diversity Policy

The Committee, the Board of Directors, and the Group as a whole continue to pay full regard to the benefits of diversity, including gender and ethnic diversity, when searching for candidates for the Board, the executive management team and all other appointments. We believe that better business decisions can be made by having representation from different genders and cultural backgrounds with differing skill sets, experience and knowledge which reflect our client base and the wider population.

Diversity of Board members is important to provide the necessary range of background experience, values and diversity of thinking and perspectives to optimise the decision-making process. Gender and ethnicity are important aspects of diversity which the Chair and the Committee will consider when deciding upon the most appropriate composition of the Board and its Committees.

This policy and its effectiveness will be reviewed annually by the Nomination Committee with any changes recommended to the Board for its approval. If necessary, this policy will be reviewed on an ad-hoc basis in consideration of any regulatory or governance developments in relation to Board diversity. At 31 December 2023, the Committee reports the Group's performance against the diversity targets set out in FCA Listing Rule 9.8.6(9) and Listing Rule 14.3.33 below:

Gender Identity or Sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management[2]	Percentage of executive management[2]	Number in general workforce	Percentage of general workforce
Men	4	40.0%	2	7	70.0%	197	60.2%
Women	6	60.0%	2	3	30.0%	130	39.8%
Not specified/prefer not to say	-	-	-	-	-	-	-

Ethnic Background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management[2]	Percentage of executive management[2]	Number in general workforce	Percentage of general workforce
White British or other White (including minority White groups)	8	80.0%	3	9	90.0%	158	49.7%
Mixed/multiple ethnic groups	-	-	-	-	-	15	4.7%
Asian/Asian British	1	10.0%	1	-	-	70	22.0%
Black/African/Caribbean/Black British	-	-	-	1	10.0%	51	16.1%
Other ethnic group, including Arab	1	10.0%	-	-	-	9	2.8%
Not specified/prefer not to say	-	-	-	-	-	15	4.7%

Note
1 Chair, CEO, CFO and Senior Independent Director.
2 The Executive Committee including the Company Secretary but excluding administrative and support staff.

The Committee notes that the Group has achieved each of the targets set out in the relevant Listing Rules relating to the Board, but not for Executive management.

The Board believes an inclusive and diverse membership results in optimal decision-making and assists in the development and execution of a strategy which promotes the success of the Group in line with its overall cultural expectations and for the benefit of its stakeholders and will continue to work towards more diverse representation at all levels within the Group when opportunities arise.

Ann Cairns
Chair, Nomination Committee
25 March 2024

Audit Committee Report

Strengthening compliance and governance

Karen Jordan
Chair, Audit Committee

The strength of our Audit Committee ensures the Group operates within clear parameters and has solid foundations upon which to build.

Committee membership and attendance

Current members	Attendance
Karen Jordan (Chair)	3/3
Caroline Brown	3/3
Noël Harwerth	3/3
Jennifer Johnson-Calari	3/3

Key Responsibilities

In summary, the Committee's responsibilities include the following:

- monitoring and assessing the integrity of the financial statements, formal announcements and regulatory information in relation to the Group's financial performance, as well as significant accounting judgements;
- reviewing the effectiveness of, and ensuring that management has appropriate internal controls over, financial reporting;
- reviewing management's arrangements for compliance with the PRA's regulatory financial reporting;
- reviewing and monitoring the relationship with the external auditor and overseeing its appointment, tenure, rotation, remuneration, independence and engagement for non-audit services; and
- overseeing the work of the outsourced Internal Audit provision, monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

The terms of reference for the Audit Committee are available on the Company's website **https://cabpayments.com/investors/**

The Audit Committee (and its predecessor, the Audit and Risk Committee) has been in place within the Group for a number of years and, therefore, much of the work of the Committee was, in reality, ongoing before the IPO. Nevertheless, the Audit Committee took on additional responsibilities both as part of the preparations for listing and on an ongoing basis once the Company became a listed entity, including oversight of change and transformation programmes to enhance the Group's internal controls over financial reporting ahead of the application for listing.

Building on the work undertaken during the IPO, the Group continues to enhance its internal control environment. The Committee reviewed the effectiveness of the internal control environment during the period under review and concluded that the framework was satisfactory.

The constitution and composition of the Audit Committee itself was also reconfigured during the IPO process to ensure that it is well-placed to fulfil all the responsibilities expected of an audit committee in a listed company.

The Audit Committee has paid particular attention during the year to the levels of non-audit services provided to the Group by the external auditor, Mazars LLP. The financial reporting and associated disclosures provided by any company to the market when approaching an IPO are extensive and the Committee considered it to be efficient to use the external auditor to provide these services due to its existing understanding of the Group. The relatively high level of non-audit services undertaken by the external auditor during the year are services that auditors would usually undertake in support of an IPO. However, as a Committee, we expect the level of non-audit work undertaken by Mazars LLP to return to much lower and proportionate levels in 2024.

Our priorities during the period since the IPO have been:

- to oversee the work of the Group Finance team's arrangements for the additional financial reporting requirements of a listed company;
- to engage with and monitor the work of Mazars as the Group's external auditor in relation to the Company's half-year and full-year reporting;
- to continue to oversee the ongoing work of the internal audit function, including monitoring the selection process for a new internal audit service provider for 2024; and
- the Committee has also overseen the actions underway within the Finance team and the external auditor to develop the effectiveness of the financial reporting and external audit process.

After each Committee meeting, which takes place approximately once every two months, I update the Board on the Committee's activities and flag any issues that require the Board's attention. I also have regular meetings with the CFO, the external audit lead partner and the lead partner for our outsourced internal audit function.

On behalf of the Audit Committee, I would like to thank everyone involved for their hard work during and since the IPO, especially the Finance team. I look forward to meeting with shareholders at the AGM and answering any questions they may have about the work of the Committee.

Karen Jordan
Chair, Audit Committee
25 March 2024

Audit Committee Report continued

Fair, Balanced and Understandable

The Audit Committee has undertaken a careful review to ensure that the Annual Report is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's consolidated position, performance, business model and strategy.

The Committee and other Board members were consulted at various stages of the drafting of the Annual Report, as well as having the opportunity to review the Annual Report as a whole. In forming its opinion and recommendation to the Board in respect of the above matters, we assessed the following:

- A qualitative review of disclosures and a review of internal consistency throughout the Annual Report and Accounts;
- A review by the Committee of all material matters, as reported elsewhere in this Annual Report and Accounts;
- A review of the ESG disclosures;
- A risk comparison review, which assesses the consistency of the presentation of risks, and significant judgements throughout the main areas of risk disclosure in this Annual Report and Accounts; and
- Ensuring it correctly reflects:
  - the Group's position and performance as described on **pages 2 to 15 and 50 to 54**;
  - the Group's business model, as described on **pages 16 and 17**; and
  - the Group's strategy, as described on **pages 18 to 25**.

On the basis of this work, the Committee recommended, and in turn the Board confirmed, that it could make the required statement that the Annual Report is fair, balanced and understandable.

Significant Issues and Other Accounting Judgements

The critical accounting assumptions and key sources of estimation uncertainty considered by the Audit Committee in relation to the Annual Report and Accounts 2023 are outlined below and in more detail in Note 2 to the Financial Statements. Furthermore, the Audit Committee also considered the going concern statement set out on **page 66** and discussed these with the external auditor during the year and, where appropriate, these have been addressed as areas of audit focus as outlined in the Independent Auditor's Report on **pages 128 to 136**.

Management override of controls

The Audit Committee is aware of the risk that management overrides the controls environment that is in place in order to misrepresent performance of the business. The effectiveness of internal controls is monitored by the Audit Committee both directly and through the continuing internal audit work undertaken by BDO during the period.

The Committee is aware that International Accounting Standards require the external auditor to presume risk of fraud in respect of management override of controls; this will dovetail with oversight work undertaken on an ongoing basis by management and the internal audit team.

Completeness and accuracy of Expected Credit Losses (ECL)

Credit risk is an inherently judgemental area due to the use of subjective assumptions and a high degree of estimation. The Audit Committee understands that the impairment provision relating to the Group's loans and advances portfolio, including undrawn commitments, requires management to make judgements over the ability of the Group's debtors to make future repayments.

Work has been undertaken during the period under review on the potential impact of adverse economic conditions, the implementation of IFRS9 and to increase precision around the precise risks with ECL and the Committee receives regular reports and presentations from management on how procedures are implemented and monitored.

Revenue recognition

The Committee is mindful of the increased risk that heightened focus on revenue post-IPO could increase risks around revenue recognition. The oversight framework supporting the accuracy of adjustments is monitored internally and general IT controls, including access controls, change management and segregation of duties within core systems have been the focus of significant management time in the preparations for IPO and in the period since.

Additional Areas of Financial Statement Risk

Impairment reviews

The Committee receives regular updates on the assessment of goodwill, intangible assets, investments in subsidiaries for impairment and appropriateness of going concern insofar as the assessments reflect management's best estimate of the future cash flows of the business and the rates used to discount the cashflows, both of which are subject to uncertainty factors.

Non-recurring expenses

The Committee reviews management's determination of certain expenses to be non-recurring. Management's assessments of the nature, timing and frequency of the events giving rise to certain expenses is based on judgement when applying the Group's accounting policy and the Committee monitors those applications in order to ensure the presentation of such items remains transparent and understandable.

IT controls environment

The Committee monitors the Group's IT controls environment on an ongoing basis, in particular given the critical nature of the financial and operating processes of the Group.

Share-based payments

The Committee is aware that the process of calculating share-based payments involves estimation and judgements which may result in the risk of material misstatement and maintains oversight of this process and the use of external specialists.

Internal Audit

The Audit Committee is responsible for reviewing and approving the role and mandate of the Group's internal audit function, and monitoring and reviewing the effectiveness of its work. BDO was the provider of internal audit services during 2023. The 2023 Internal Audit Plan was approved in November 2022 and revised during the year following the IPO. A high-level plan for 2024 was approved in November 2023.

The Audit Committee reviewed BDO's planned scope for each of its reviews and its reports on the outcomes of each review as well as monitoring progress in the implementation of the internal audit findings.

Towards the end of the year, the Audit Committee put the internal audit mandate out to tender and, as a result, Grant Thornton has been appointed as CAB Payments' outsourced internal audit provider with effect from January 2024. The Audit Committee will continue to provide oversight of the transition from BDO to Grant Thornton during early 2024.

Going Concern and Viability Statements

The Audit Committee reviewed the Group's longer-term viability statement, set out on **pages 65 and 66**. To do this, it ensured that the financial model used was consistent with the approved three-year Corporate Plan and that scenario and sensitivity testing aligned clearly with the Principal Risks and Uncertainties of the Group as described on **pages 60 to 64**.

Committee members challenged the underlying assumptions used and reviewed the results of the detailed work performed. As a result, the Audit Committee members were satisfied that the analysis supporting the viability statement had been prepared on an appropriate basis.

The Audit Committee also reviewed the going concern statement, set out on **page 66** and confirmed its satisfaction with the testing methodology.

ESG and Climate Change Disclosures

The Committee, supported by the ESG Board Sub-committee, provided oversight of the disclosure risks in relation to ESG and climate reporting. The Committee monitored developments from a number of prominent consultations and considered them when reviewing the climate disclosures in this Annual Report, requesting further details on the pipeline of mandatory regulatory and externally committed ESG and climate-related disclosures over the short- and medium term, including the delivery status. This allowed the Committee to consider management's development of a Group-specific framework to fulfil external disclosure requirements and commitments.

ESG reporting is fast evolving with few globally consistent reporting standards and a high reliance on external data. By aligning the Group's ESG targets and reporting with the UN Sustainable Development Goals, attaining B Corp status and seeking the external audit of certain ESG disclosures, the Committee is assured that ESG and climate disclosures were materially accurate, consistent, fair and balanced during the year.

Audit Committee Report continued

Committee Effectiveness

The Audit Committee evaluates its performance on an annual basis. This year, the assessment was facilitated using a questionnaire completed by members of the Committee and other regular attendees. The results of the review were reported to the Board. Common membership across the Risk and Audit Committees facilitates effective communication on topics such as finance and risk while ensuring that agendas are aligned, and duplication is avoided. One area highlighted as requiring ongoing focus is the updating of the Committee members on regulatory, accounting, corporate governance and financial reporting developments. The Committee received several briefings during the year from external advisers on topics including listed company reporting requirements and the audit reform agenda. Members of the Committee also interacted with key employees during the year to increase their knowledge and understanding of the business.

External Audit

The Audit Committee oversees the Company's relationship with, and the performance of, the external auditor. This includes responsibility for monitoring its independence, objectivity and compliance with the relevant regulatory requirements.

Appointment and tenure

Mazars LLP has been the Group's external auditor for three years. The Company's approach is for no external auditor to stay in post for longer than 20 years and for tender exercises to be undertaken at least every ten years, accordingly the next audit tender will take place no later than 2031.

The Committee notes and confirms compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the CMA Order) in respect of statutory audit services for FTSE350 companies. In line with the CMA Order, Mazars LLP was selected in 2021 following a tender process on the basis of the capability that the firm was able to offer and its fees.

There are no contractual obligations in existence that restrict the Company's choice of external auditor.

Effectiveness

The Audit Committee has assessed the performance of Mazars LLP on an ongoing basis, with particular attention to the mindset and culture, skills, character and knowledge, quality control and judgement in its handling of key judgements, its responsiveness to the Committee and its commentary, where appropriate, on the systems of internal control. It concluded that while it has continued to perform in line with the Committee's expectations, some areas have been highlighted where audit efficiency can be enhanced. Mazars LLP's reappointment will be proposed to shareholders at the AGM.

The Audit Committee held private sessions with both the internal and external auditor on a regular basis during the year, without Executive Directors or senior management in attendance. This facilitates the ability of the auditors to raise any issues of concern.

Independence and objectivity

The Audit Committee ensures adequate safeguards are in place to ensure the independence of the external auditor. These include:

- non-audit work is subject to the policy detailed below and the non-audit team does not prepare anything which would be relied upon in the Group audit;
- work performed is subject to an independent professional standards review and Engagement Quality Control Review process;
- the Audit Committee considers the reappointment of the external auditor, including the rotation of the audit partner, annually; and
- the external auditor attests its independence and objectivity to the Audit Committee on an annual basis.

As part of the engagement process for the 2023 external audit, Mazars LLP has confirmed that its engagement team and others in the firm as appropriate are independent and comply with relevant professional ethical requirements. In giving its approval for all non-audit services, including audit-related services, provided by Mazars LLP to the Company during the year, the Audit Committee satisfied itself that the provision of such services was not a threat and that appropriate safeguards were in place to preserve the auditor's independence and objectivity.

Non-audit work

The Group has a formal policy on the use of the external auditor for non-audit work, which is reviewed annually. The policy stipulates that non-audit work should only be awarded to the external auditor when there is clear reason to prefer it over alternative suppliers, following a rigorous procurement process. All awards of non-audit work to the external auditor are monitored to ensure that their independence, and perceived independence, are not compromised.

The Audit Committee must approve in advance any award of non-audit work with an aggregate value in excess of £50,000. The Chair of the Audit Committee must approve any non-audit work with an aggregate value of £25,001 to £50,000.

Mazar LLP's fees for non-audit work during the year were £1.57 million (2022: £0.05 million).

During 2023, Mazars LLP provided the following non-audit service to the Group. This was considered to be a permissible non-audit service. Mazars LLP provided personal taxations services to a Director before the date the Director joined the Company and briefly after while they were disengaged. Although the Committee considered that appropriate safeguards were in place to manage this potential threat to independence, the services have been discontinued.

Service	Fees (£000's)
Reporting Accountants Non-Audit Service Engagement to CPH plc between December 2022 and July 2023 in connection with the IPO.	825
ISRE (UK) 2410 review engagement on interim financial information in respect of fulfilling the Reporting Accountants engagement for CPH plc for the three-month period to 31 March 2023	300
ISRE (UK) 2410 review engagement on interim financial information of CPH plc for the six-month period to 30 June 2023	370
Profit verification engagements for CPH plc and CAB Limited (subsidiary) for the six-month period to 30 June 2023	73
Total	**1,568**

In addition to the fees noted above Mazars charged an additional 1.5/2% to cover the administration costs of the service provided.

Risk Committee Report

Reviewing internal controls and risk management

Jennifer Johnson-Calari
Chair, Risk Committee

I am pleased to present the Risk Committee's report for the year ended 31 December 2023. I have chaired the Risk Committee since 2021, which now comprises four independent Non-executive Directors with extensive experience in board governance, international banking, risk management, auditing and bank supervision and regulation.

Committee membership and attendance

Current members	Attendance
Jennifer Johnson-Calari (Chair)	3/3
Caroline Brown	3/3
Noël Harwerth	3/3
Karen Jordan	3/3

Role and Responsibilities

The role of the Risk Committee is to advise the Board (which retains overall responsibility for risk management) on, among other things:

- the overall risk appetite, tolerance and strategy, and the principal and emerging risks the Group is willing to take in order to achieve its long-term strategic objectives;
- seek assurance on the risks the Group has identified as those to which the business may be exposed;
- the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;
- overseeing the Group's policies, procedures and arrangements for capturing and responding to whistleblower concerns and ensuring they are operating effectively; and
- the risk aspects of proposed changes to strategy, strategic transactions, and new products, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on implications for the risk appetite, tolerance and strategy of the Group, and taking independent external advice where appropriate and available.

The terms of reference for the Risk Committee are available on the Company's website **https://cabpayments.com/investors/**

The CRO has a dual reporting line to the CEO and also to the Committee Chair, which helps foster regular and transparent communication and independence of the CRO function.

Our main subsidiary CAB is an established UK Bank, which is regulated by both the FCA and the PRA. The Group has therefore had a well-established Audit and Risk Committee in place for many years and this was split into two separate committees in 2021 to provide even greater scrutiny over the integrity of financial reporting and financial/operational resilience, respectively.

Over the past few years, the Group's risk management and compliance frameworks have been substantially strengthened and continue to undergo improvement in the face of evolving business requirements, regulatory and market changes.

2023 was a challenging year for markets due to sharply rising interest rates to combat global inflationary pressures and geopolitical tensions, which resulted also in a marked expansion of sanctions regimes. The Group continued to scale its operations with steady growth in the level of payments and FX transactions. The Risk Committee thus paid particular attention during the year to the effectiveness and adequacy of resources, both systems and people, to ensure operational resilience and compliance with Anti-Money Laundering and Sanctions regimes - a focus that will continue in 2024.

Conduct also falls within the remit of the Risk Committee. In this regard, the Board appointed Committee member Karen Jordan as Board champion for Group obligations for 'Consumer Duty' to retail clients. In addition, the Risk Committee oversaw the strengthening of policies and practices relating to Anti-Bribery and Corruption as well as strengthening documentation around denial of banking services in response to FCA concerns and reporting requirements. The Risk Committee has an ongoing oversight on the Group's conduct relating to any whistleblowing claims and the Group's Whistleblowing Champion, Karen Jordan, is a member of the Risk Committee.

At each meeting, the CRO provides the Risk Committee with a comprehensive overview of all principal risks, highlighting emerging areas of concern for discussion and, if necessary, follow-up. The MLRO reports to the Risk Committee on key financial crime matters including compliance with sanctions regimes and governing laws and regulations to combat financial crime. Both the CRO and MLRO undertake deep dives into topical issues, which in 2023 included compliance with the Russia sanctions regime, operational and technology resilience and business concentration risk. In November 2023, the Risk Committee approved the Group's Strategic Risk Register, which ranks risks based on probability and potential impact as set out in the Principal Risks and Uncertainties on **pages 60 to 64** of this Annual Report and Accounts, and which will help guide the Committee's 2024 agenda.

The Risk Committee relies heavily on the professionalism, capabilities and technical expertise of the second line Risk and Compliance functions. This team has continued to grow, and I remain confident in the expertise that it brings to bear across the assessment of principal and emerging risks. We have also sought assurance that the appropriate funding is in place as part of the 2024 budget to continue investing in risk and control capabilities as the Group continues to expand operations and improve its operational and technology capacity.

Looking forward, the Group plans to continue expanding by opening offices in the Netherlands and the US, which will entail new challenges in ensuring compliance with local laws and regulations, managing a greater number of clients and transactions, vetting new products and coordinating with stakeholders in our key markets. In addition to our regulatory obligations, the Committee's focus in the coming year will be to continue to ensure that the IT and operational platform can accommodate new business growth, that our operations overseas comply with local laws and regulations and that the Risk and Control functions are adequately resourced.

As Chair, I remain dependent upon, and grateful for, the professionalism and expertise of my colleagues on the Committee and the Group's senior managers with whom we meet regularly to discuss business development and risk mitigation. I also would like to thank senior staff, who have provided us with outstanding 'teach-ins' on some of the technical complexities of the areas for which we are responsible. I look forward to meeting the shareholders at the AGM and responding to any questions or concerns.

Jennifer Johnson-Calari
Chair, Risk Committee
25 March 2024

Directors' Remuneration Report

Aligning reward with performance

Noël Harwerth
Chair, Remuneration Committee

As Chair of the Remuneration Committee of CAB Payments, I am pleased to present our first Directors' Remuneration Report (DRR) since our Admission to Listing on 6 July 2023. I would like to take this opportunity to welcome all our new shareholders.

Committee membership and attendance

Current members	Attendance
Noël Harwerth (Chair)	2/2
Caroline Brown	2/2
Ann Cairns	2/2
Mario Shiliashki	2/2

The new Remuneration Committee has given careful consideration to a remuneration policy which offers market competitive remuneration for the achievement of stretching performance objectives measured both annually and long-term. We will ensure that pay is closely linked to the business strategy and generates a strong alignment of interest with all our stakeholders.

This report is divided into three sections:

- This Annual Statement, which summarises the work of the Committee, our approach to Directors' remuneration in the context of the Group's performance and our wider workforce policies;
- The Directors' Remuneration Policy (the Policy) section, which details the framework under which Directors' pay will be set and how it links to strategy. This section will be put to shareholders under a binding shareholder vote at our AGM; and
- The Annual Report on Remuneration, which sets out the remuneration outcomes for 2023, including the period prior to Admission, and how the Committee intends to implement the new Policy in 2024.

Background and Role of the Remuneration Committee

The Remuneration Committee was established shortly before Admission. Prior to Admission, the Company had a different remuneration committee, which was composed of Non-executive Directors of the pre-IPO business. In developing the new Policy, a transitional process was followed between the former committee and the current Committee. Mario Shiliashki provided continuity in this regard, as he previously chaired the pre-IPO committee, and other members of the new Committee also attended meetings throughout the process.

The Committee comprises Noël Harwerth (Chair), Caroline Brown and Mario Shiliashki, all of whom are independent Non-executive Directors and Ann Cairns, the Chair of the Board. The full terms of reference of the Committee are available on the Company's corporate website at https://cabpayments.com/investors/. In summary, the Committee's responsibilities are as follows:

- To develop the Group's policy on executive remuneration and monitor its ongoing appropriateness and effectiveness;
- To determine the levels of remuneration for the Executive Directors, senior management and the Chair of the Board (ensuring that no individual is involved in any decisions relating to their own remuneration outcome);
- Oversee the remuneration policies and practices of our wider workforce and ensure that our policy for the senior team is consistently structured;
- Ensure that any applicable regulations, whether connected to our status as a regulated bank or as a listed company more generally are followed proportionately; and
- Oversee the operation of the Company's share schemes.

Market Context

2023 was a milestone year for CAB Payments. Following our successful listing on the London Stock Exchange, we were disappointed not to meet market expectations in respect of our financial performance following listing, which resulted in our share price falling significantly in the months after listing.

Nonetheless, 2023 was a record year for the Group, delivering our highest ever income result, record adjusted EBITDA performance and a market leading free cash flow margin. These are very important financial KPIs for us. Our highest ever results across all three of these metrics demonstrate that, notwithstanding the lower than expected results, we have a very robust underlying business, with considerable scope for future growth opportunities.

The Remuneration Committee has carefully considered the challenges ahead and the Group's strategic priorities around controlled income growth and diversification. Our strategy is closely reflected in the scorecard that will be used for measuring annual bonus performance in 2024, detailed further below.

Remuneration Payable in Respect of FY23

As the Company listed part-way through the financial year, a transitional process was followed in relation to remuneration for the period ended 31 December 2023. In summary, this meant that certain changes to policy (primarily positioning base salaries for the Executive Directors and the adoption of the Long-Term Incentive Plan (LTIP)) were made on our Admission to Listing, whilst certain changes (mainly the adoption of a revised Annual Bonus framework) will be fully embedded from 1 January 2024 onwards.

The Single Figure of Remuneration payable for the period ended 31 December 2023 shown in this Report is based on the 2023 financial year and therefore also covers the period before Admission on 6 July 2023. The base salary, benefits, pension and bonus are the amounts payable over the full 2023 financial year.

Directors' Remuneration Report continued

The structure of the annual bonus for the 2023 financial year was unaffected by Admission to Listing and was assessed based half on financial metrics (gross income and adjusted EBITDA margin) and half on a basket of non-financial metrics (including risk, product and other metrics). As the bonus metrics were set in the context of the Company being unlisted at the start of the year, the targets were set as binary rather than operating sliding scales (which will be the case from 2024).

Despite growth in both gross income and adjusted EBITDA margin, the performance against both these metrics fell short of the targets set, and so no bonus was payable to the Executive Directors under the financial elements. Under the non-financial elements, we met the targets in all areas. For example, we were extremely proud to achieve the milestone B Corp certification, ran a very successful recruitment campaign to position ourselves for our current and future growth, successfully achieved the launch of our new Liquidity as a Service product, and operated within the banking risk parameters set by the Risk Committee. The Remuneration Committee exercised its discretion in relation to the annual bonus outcomes for 2023 for the Executive Directors to reflect shareholder experience following the Admission to Listing and applied a 10% reduction to the formulaic bonus scorecard outcome set out on **page 114**, reducing the 2023 bonus for both Executive Directors from the formulaic outcome of 50% of the maximum opportunity to a discretionary outcome of 45% of the maximum opportunity.

Accordingly, the Remuneration Committee is satisfied that the remuneration payable to the Executive Directors in relation to 2023 performance appropriately reflects the underlying performance of the business against our core strategic priorities over the period, balanced against the shareholder experience since listing.

There were no long-term incentive awards outstanding as at the date of Admission to Listing.

Overview of Directors' Remuneration Policy

In anticipation of the Company's Admission, a review of the pre-Admission remuneration arrangements was undertaken, with particular attention on how the listing would impact remuneration policies for the Executive Directors and senior executive team. Careful consideration was given as to how to structure the post-Admission to Listing Policy to ensure it would continue to be supportive of the Group's strategy while also being appropriately aligned to PLC market practice, regulatory requirements as a dual-regulated business within the financial services sector, and corporate governance requirements. In addition, the Code requirements of clarity, simplicity, risk, predictability, proportionality and alignment to culture were taken into account during the design to ensure the policy would promote the long-term success of the Group.

The policy is designed to provide market competitive remuneration for the achievement of stretching targets, with incentives aligned to the long-term business strategy and a significant proportion deliverable in shares which must be held long-term.

The Remuneration Committee encourages an open and transparent dialogue with our shareholders on executive pay matters and as such towards the end of FY23, I reached out to the majority of our shareholders to introduce myself as Remuneration Committee Chair and provide an overview of our new Policy. In particular, I wished to provide reassurance to our shareholders that, notwithstanding the fall in our share price in the months following Admission to Listing, the Remuneration Committee believes that the Policy is fit for purpose for the strong underlying business that we have confidence in.

The Committee will give careful consideration to the measures and targets used to assess variable pay outcomes under the policy. We shall ensure that variable pay outcomes reflect the shareholder experience, and that the metrics and targets are closely aligned to our strategy, which in turn will drive the restoration of underlying shareholder value.

Full details on the Policy are set out **pages 102 to 112** and this will be put forward for shareholder approval at the Company's AGM on 9 May 2024.

Admission LTIP awards

On 11 July 2023, the Executive Directors were granted the first performance share awards under the LTIP (the Admission LTIP awards), equivalent to 150% of salary for the CEO and 130% of salary for the CFO using the Admission share price of 335.0 pence to determine the number of shares granted. Vesting of the Admission LTIP awards is conditional on the achievement of stretching adjusted Earnings Per Share (EPS) targets (for 67% of the award) and our Total Shareholder Return (TSR) compared to the companies in the FTSE 250 Index excluding investment trusts at Admission (for the other 33% of the award). EPS provides a focus on profit growth whilst TSR will provide a focus on share price and dividend growth and delivering shareholder value.

The target range for adjusted EPS requires the Company's adjusted EPS to be 37.2 pence for the financial year ending 31 December 2025 for threshold vesting and 48.9 pence or more for maximum vesting. Straight-line vesting occurs between these two targets. The TSR performance condition will be measured from the share price at Admission until 31 December 2025. The target range requires median to upper quartile performance against the peer group for threshold and maximum vesting. Shares from vested awards are required to be held for a further two years.

Operation of the Policy in FY24

The Policy set out in this DRR and the implementation of the Policy for FY24 are consistent with the disclosure in the IPO Prospectus. An overview of the remuneration arrangements for FY24 is set out below:

- Salaries on Admission were set at £675,000 for the CEO and £450,000 for the CFO and these will remain unchanged for FY24.
- Pension provision for our Executive Directors is aligned to the rate applicable to the UK workforce (currently up to 10% of salary).
- The maximum annual bonus opportunity is 150% of salary for the CEO and 130% of salary for the CFO. One third of any bonus earned, post-tax, will be used to buy Company shares which must be held by the executive for three years. The performance conditions for FY24 will be based on a blend of financial metrics (60% of the total) and clearly measurable non-financial metrics (40%). More specifically, the financial metrics will be gross income growth (30%), adjusted EBITDA margin (15%) and free cash flow (15%). Our non-financial metrics will comprise a range of diversification measures – representing 25% of the total bonus - (principally product, currency and income diversification), together with employee and ESG metrics.
- LTIP awards will be granted to Executive Directors in FY24. However, the Remuneration Committee has decided to slightly delay the grant of the FY24 award, so as to ensure that the award levels made and the performance targets set are truly reflective of our long-term financial forecasts and strategy. It is currently the intention that the metrics used will remain a blend of EPS and relative TSR. Full details of the level of grants and performance conditions applying will be provided when the grants are made.
- At the time of performance assessment, the Committee will have discretion to adjust the formulaic annual bonus outturn or vesting level under the LTIP if it believes that such outcome is not a fair and accurate reflection of wider performance factors and/or stakeholder experience.
- Malus and clawback provisions will also apply for a minimum period of three years following any incentive payment. Further details on the circumstances in which they apply can be found within the Policy.
- A shareholding requirement of 200% of salary applies in-service and this continues to apply for two-years post-cessation of employment. Both the CEO and CFO hold significantly in excess of this shareholding requirement already creating a strong alignment of interest between Executive Directors and shareholders.

On 23 February 2024 we announced that Bhairav Trivedi, CEO, will be succeeded by Neeraj Kapur following publication of the Full Year 2023 Results on 26 March 2024. Bhairav will support a smooth transition of responsibilities to Neeraj and has agreed to then take on a new role within the Group as Senior Adviser to the Board. Bhairav will continue to receive his salary and benefits and is eligible to participate in an incentive plan for 2024 connected to his new role. Neeraj's remuneration arrangements are set out above relating to the operation of the Policy in 2024.

Broader Workforce Arrangements Across CAB Payments

In determining the Executive Directors' Policy, the pay and benefits for the wider workforce were taken into account to ensure alignment of culture and reward throughout the business. The new Policy has been cascaded below Board with the Executive Committee and other senior grades of management also participating in the annual bonus and LTIP. All employees participate in the annual bonus plan.

The Remuneration Committee was pleased to approve the grant of an award of 1,000 free shares under the Share Incentive Plan to eligible employees (defined as those in continuous service since 6 July 2023) in March 2024. This will give eligible employees the opportunity to become shareholders in the Company and share in future success.

UK regulations require companies with more than 250 UK employees to report their gender pay gap. This is the first year for which the Group has been required to report the gender pay gap and the Group will publish its report at the snapshot date of 5 April 2023 in full on the gender pay gap service website https://gender-pay-gap.service.gov.uk/ by 4 April 2024.

As part of our journey to create a truly inclusive culture, in 2021 CAB became a signatory of the HM Treasury's Women in Finance Charter. By signing up to the Charter we are making a commitment to promote gender diversity and support the progression of women in our industry. Further details of our gender diversity and progress towards our Women in Finance targets are set out on **page 36** of this Report.

On behalf of the Committee thank you for reading this report and we hope that you will be supportive of the pay-related resolutions at the AGM on 9 May 2024. We would encourage any shareholders wishing to discuss any remuneration-related matters to reach out to me and I will be delighted to engage with you.

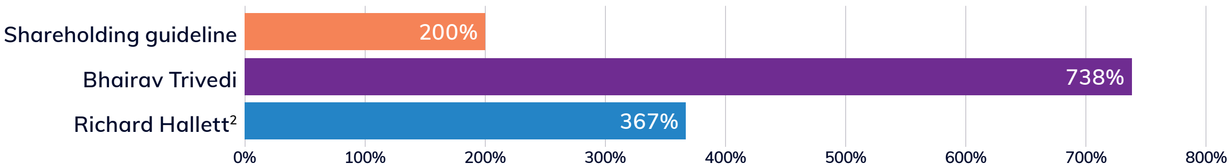
Noël Harwerth
Chair, Remuneration Committee
25 March 2024

Directors' Remuneration Report continued

Executive Director Remuneration at a Glance

Performance snapshot

Share ownership[1]



Note:
1 Snapshot shown as at 31 December 2023. The closing share price on 29 December 2023 was 82.8 pence.
2 Further to the above, Richard Hallett increased his shareholding to 376% through purchasing 50,000 shares on 16 January 2024.

Overview of the Policy

	CEO Bhairav Trivedi	CFO Richard Hallett
Base Salary	£675,000	£450,000
Pension and ancillary benefits	Pension contributions are in line with the wider workforce (currently up to 10% of base salary) which may be taken as a cash allowance in lieu of pension. Benefits comprise medical insurance, income protection and life assurance cover.	
Annual bonus plan	• Maximum: 150% of base salary • Target: 75% of base salary	• Maximum: 130% of base salary • Target: 65% of base salary
	Performance scorecard for 2024: • Financial performance conditions (60%), comprising gross income (30%), adjusted EBITDA (15%) and free cash flow (15%) • Non-financial performance conditions (40%), comprising product, currency and income diversification (25%), employee metrics (10%) and ESG (5%) • Structure: one third of the post-tax bonus will be used to purchase shares which must be held for three years, the remaining two-thirds will be paid in cash	
Long Term Incentive Plan	• Maximum grant level: 150% of base salary	• Maximum grant level: 130% of base salary
	• Structure: three-year performance period and two-year holding period	
Minimum shareholding requirement	• In-employment: 200% of base salary • Post-employment: 200% of base salary to be held for two years.	

Directors' Remuneration Policy

This section sets out the Company's first Policy which has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the 2018 and 2019 regulations) and the Listing Rules. This Policy will be subject to a binding shareholder vote at the AGM on Thursday, 9 May 2024 and, subject to shareholder approval, is intended to apply for a period of up to three years from that date. The Policy as set out in this section is consistent with the information provided in the prospectus published on 27 June 2023 in relation to Listing on the London Stock Exchange.

Decision-making Process for Determination, Review and Implementation of Policy

The Policy was developed by the Committee prior to the Company's Admission to the London Stock Exchange, taking into account the following:

- strong alignment with financial and operational performance as well as the Group's strategy, purpose, culture and KPIs;
- provision 40 of the Code as set out below;
- institutional shareholder and proxy adviser views, corporate governance, market best practice and compliance with prevailing applicable regulations of the PRA and the FCA;
- promotion of long-term Executive Director share ownership to align the interests of shareholders and Executive Directors;
- the importance of attracting, retaining and motivating high-calibre Executive Directors;
- the policies in place prior to IPO, with a focus on ensuring a smooth transition from our pre-IPO and post-IPO remuneration structures; and
- workforce remuneration arrangements, policies and practices.

Note, where relevant regulatory requirements are more onerous than the provisions within the Policy these will be adhered to.

When reviewing the Policy, the Committee will, in advance of the relevant annual general meeting, consult major shareholders in the event of any significant proposed revisions to Policy. Shareholder feedback received will be considered by the Committee when finalising any changes to Policy. The Committee will also take into account the views of management and advice received from its independent remuneration consultants when reviewing the design and implementation of the Policy. No individual is involved in discussions about their own remuneration.

The implementation of the Policy is considered annually by the Committee for the year ahead in light of the strategic priorities. Incentive metrics and target scales are also reviewed based on a number of internal and external reference points to check if they remain appropriate or need to be recalibrated.

The Policy has been tested against the six factors listed in Provision 40 of the Code:

- **Clarity** – the Policy is clear and disclosed in full in this DRR. The Remuneration Committee will engage regularly with the Company's largest shareholders ahead of material changes to the Policy, and as necessary with regards its operation. Engagement with the workforce will be undertaken.
- **Simplicity** – the rationale for each element of the Policy is clearly set out in the Policy. Remuneration structures are simple and in line with standard market practice for UK listed companies. Prospective disclosure of annual bonus measures for the year ahead and the LTIP performance metrics and targets has been made in the description of the implementation of the Policy, Retrospective disclosure of outcomes against targets will be provided in the relevant DRR following the end of the performance period.
- **Risk** – the Policy has been shaped to discourage inappropriate risk taking through the inclusion of a broad scorecard of metrics (comprising both financial and non-financial measures for variable pay), deferral of part of the annual bonus, and the LTIP. The Remuneration Committee also has discretion to adjust the formulaic outcome of incentive awards and will monitor variable remuneration outcomes, and adjust them as necessary to take account of ex-post and ex-ante risk. In addition, clawback and malus provisions apply, and in-employment and post-employment shareholding requirements.
- **Predictability** – certain elements of the Policy are subject to overall caps and dilution limits. The potential pay-outs under different levels of performance have been illustrated in the scenario charts in the Policy. The circumstances in which the Remuneration Committee may exercise its discretion are clearly set out in the Policy.
- **Proportionality** – there is a sensible balance between fixed pay and variable pay that is appropriate to the sector, growth profile of the business and the Group's size and complexity. The annual bonus and LTIP are both subject to performance conditions that consider both financial and non-financial performance linked to strategy, the delivery of strong results, and superior returns to shareholders. The Remuneration Committee will ensure outcomes will not reward poor performance through Remuneration Committee discretion, malus and clawback provisions and risk alignment.
- **Alignment to culture** – the Remuneration Committee reviews Group culture and wider workforce policies and practices when determining the remuneration policy for Executive Directors. In determining Executive Director remuneration outcomes and the operation of the Policy going forward, a key consideration of the Remuneration Committee will be on fairness and the remuneration outcomes across the workforce.

Directors' Remuneration Report continued

Remuneration Policy Table

Remuneration element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Base Salary			
Provide a base level of remuneration to help us acquire, retain and motivate top talent.	Salaries are normally reviewed annually, and any changes are normally effective from the beginning of the financial year. The review will take into account several factors including (but not limited to): • The Director's role experience and skills; • The Director's performance; • The remuneration policies, practices and philosophy of the Group; • Pay conditions in the Group; • Business performance; • Market data for similar roles and comparable companies; and • The economic environment.	Having been set based on relevant factors, base salaries will normally be increased no higher than the rate of increase for the wider workforce. Higher increases may be permitted where appropriate, for example where there is a change to role or there is additional responsibility or complexity.	None.
Benefits			
To provide a market competitive level of benefits based on the market in which the Executive is employed.	The Executive Directors receive benefits which include, but are not limited to, medical insurance, income protection and life assurance cover, although any such reasonable benefits that the Committee deems appropriate may also be offered. The Remuneration Committee retains the discretion to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors. Any reasonable business-related expenses can be reimbursed, including the tax thereon if determined to be a taxable benefit. The Remuneration Committee reviews benefit eligibility and cost periodically.	The maximum will be set at the cost of providing the benefits described.	None.

Remuneration element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Pensions			
To provide market-competitive retirement benefits.	Directors may elect to receive either a contribution to the Group pension scheme, or a cash equivalent.	Pension contribution rate in line with rate applicable for the UK workforce (currently up to 10% of base salary). Where a cash equivalent is taken, this will be at a consistent rate (i.e. currently 10% of base salary).	None.
Annual Bonus Plan			
To reward annual performance against financial and non-financial KPIs and to encourage long-term sustainable growth and alignment with shareholders' interests through partial payment in shares.	The Remuneration Committee will determine the annual bonus payable after the year end, based on performance against targets. No more than two thirds of the annual bonus will be paid out in cash after the end of the financial year. The remaining amount (net of tax) will be used to purchase shares in the Company which the Executive is required to hold for three years. The holding period will normally continue to apply post-cessation of employment. Shares purchased from bonus will be beneficially owned, and are not subject to forfeiture. Malus and clawback provisions will apply up for a period of three years following any annual bonus payment.	The maximum annual bonus opportunity for the Executive Directors is as follows: • CEO – 150% of base salary • CFO – 130% of base salary	Annual bonus pay-outs are determined based on the satisfaction of a range of key financial and non-financial/ strategic objectives set by the Remuneration Committee. The majority of the performance measures will be based on financial performance. Performance measures and their respective weightings will be set each year in line with Company strategy. No more than 25% of the relevant portion of the annual bonus is payable for delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach). In determining the outcome, the Committee will engage with the Risk Committee to take into account relevant risk factors. The Remuneration Committee has the discretion to adjust the formulaic annual bonus outcome if the Remuneration Committee believes that such outcome is not a fair and accurate reflection of wider performance factors and/ or stakeholder experience, including having the discretion to scale back the outcome (including to zero) if there has been a negative event.

Directors' Remuneration Report continued

Remuneration Policy Table continued

Remuneration element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
LTIP			
To encourage long-term sustainable growth and to provide alignment with shareholders' interests.	Awards can be granted in the form of conditional shares or nil cost options. Awards will vest at the end of a performance period of at least three years, subject to the satisfaction of performance conditions and provided that the Executive remains employed by the Group. The net of tax number of shares that vest will be subject to an additional two-year holding period, during which the shares cannot be sold. The holding period will normally continue to apply post-cessation of employment. Dividends or dividend equivalents may accrue on LTIP awards over the vesting period and, to the extent that the award vests, are paid on vesting, Malus and clawback provisions will apply for a period of three years post vesting.	The policy maximum is 150% of salary, with the normal maximum award level for the Executive Directors is as follows: • CEO – 150% of base salary • CFO – 130% of base salary	Performance will be assessed against a range of financial, stock market-based and/or non-financial (including ESG) performance measures determined at the time of each grant and set by the Remuneration Committee taking into account business strategy. Threshold performance under each metric will result in no more than 25% of that portion of the award vesting. In determining the outcome, the Remuneration Committee will engage with the Risk Committee to take into account relevant risk factors. The Remuneration Committee has the discretion to adjust the formulaic outcome of the LTIP if the Committee believes that such outcome is not a fair and accurate reflection of wider performance factors and/or stakeholder experience, including having the discretion to scale back the outcome (including to zero) if there has been a negative event.
All-employee share plans			
To provide alignment with Group employees and to promote share ownership	The Executive Directors may participate in any all-employee share plan operated by the Company.	Participation will be capped by the HMRC limits applying to the respective plan.	None.

Remuneration element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Shareholding Requirement			
To provide alignment with shareholders' interests.	**During employment** Executives are required to build up and retain a shareholding equivalent to 200% of their base salary. Until the shareholding requirement is met, Executive Directors will be required to retain 50% of the net of tax shares they receive under any incentive plan. **Post-employment** Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 200% of salary for a period of two years.	200% of salary	None.
Non-executive Directors			
To provide an appropriate fee level to attract and retain Non-executive Directors and to appropriately recognise the responsibilities and time commitment of the role.	Non-executive Directors are paid a base fee and additional fees for acting as Senior Independent Director and as the Chair or member of Board Committees. Fees will typically be reviewed annually. Additional fees may be payable to reflect other additional responsibilities and/or additional/unforeseen time commitments. The Chair of the Board receives an all-inclusive fee. Neither the Chair of the Board nor the Non-executive Directors participate in any incentive plans.	The fee for the Chair of the Board is set by the Remuneration Committee, the Non-executive Directors' fees are set by the Chair of the Board and the Executive Directors. In general, fee level increases will be no higher than the salary increase awarded to the rest of the workforce. The Company will reimburse any reasonable expenses incurred (and related tax if applicable).	None.

Directors' Remuneration Report continued

Notes to the Remuneration Policy Table

Choice of Performance Measures

Performance metrics for incentives, and their weightings and target ranges are considered annually for the year ahead. The Remuneration Committee will select the most appropriate performance measures as targets for the annual bonus and LTIP, taking into account factors such as regulatory requirements, Group strategy and KPIs.

Targets for the annual bonus and LTIP awards will be reviewed each year and consideration will be given as to whether these remain appropriate or need to be recalibrated. The specific performance targets seek to be stretching to incentivise and reward improved performance taking into account the wider economic context and market conditions.

Discretion

The Committee will operate the annual bonus plan and LTIP according to the rules of each respective plan. Discretions include, but are not limited to, the following in relation to incentive schemes:

- Who participates in the plan
- Determining the timing of grants of awards and/or payments
- Determining the quantum of an award and/or payment
- Determining the vesting level
- Determining how and whether an award may be changed or adjusted in certain circumstances (e.g. change of control, rights issues, or special dividends)
- Whether an Executive Director is a good or bad leaver for incentive plan purposes and vesting for leavers

In addition, the Committee may make minor amendments to the Policy with regard to technical or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Malus and Clawback

The Committee may, at any time within three years of LTIP awards vesting or the payment of the annual bonus, determine that malus or clawback provisions may apply in the following circumstances:

i. where the number of shares vesting to a participant or cash payout awarded was based on an error, or inaccurate or misleading information;

ii. fraud or gross misconduct by a participant;

iii. material financial misstatement;

iv. corporate failure of the Group;

v. significant reputational damage; or

vi. any other applicable circumstances prescribed or recommended by the Group's regulators.

To the extent that prevailing regulations require a stricter application of malus and clawback, the Policy will be based on the stricter requirements.

There are robust mechanisms in place to ensure that these provisions are enforceable, including provisions within Executive Directors' service contracts and the relevant incentive scheme rules.

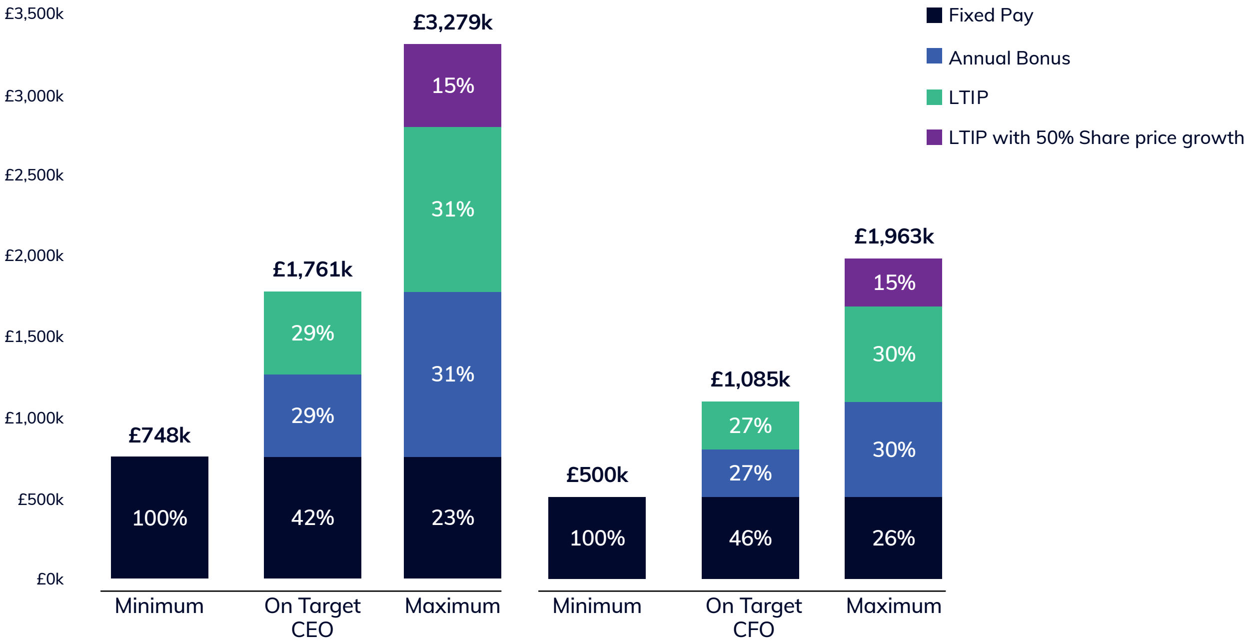
Remuneration Scenarios for Executive Directors

The chart on **page 109** gives an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the new policy (as it will apply for FY24) in respect of minimum pay (fixed pay), on-target and maximum performance based on assumptions set out below.

Minimum: Comprises fixed pay only using the salary rate on Admission, the anticipated value of benefits in FY24 and a Company pension contribution in line with policy.

On-Target: Fixed pay plus an annual bonus pay-out at 50% of maximum (75% of salary for the CEO and 65% of salary for the CFO) and LTIP vesting at 50% of face value (75% of salary for the CEO and 65% of salary for the CFO).

Maximum: Comprises fixed pay and assumes full pay-out under the annual bonus (150% of salary for the CEO and 130% for the CFO) and the LTIP grant vests in full (150% of salary for the CEO and 130% for the CFO). The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award from the date of grant to vesting.



Consideration of Employment Conditions Elsewhere in the Group

The Company provides a market competitive package to all employees with additional reward through incentive payments linked to the achievement of stretching performance targets. This reward philosophy applies to all levels of the business. In view of the greater potential remuneration, the Executive Directors have a greater proportion of their pay at 'risk' and subject to deferral and holding periods. The Remuneration Committee takes into account general workforce remuneration and related policies, and the alignment of incentives and rewards with culture when setting and operating the Policy for Executive Directors' remuneration. The Committee receives regular updates on any changes to wider Group Policy.

The Remuneration Committee Chair will engage with employees to explain the alignment of executive pay with that of the general workforce and in relation to any changes to the Policy applicable to Executive Directors.

Consideration of Shareholder Views

In designing the Policy, the published remuneration guidelines and specific views of the Company's prospective institutional shareholders and proxy voting agencies were taken into account. In considering the operation of the Policy each year, the Committee will continue to take these factors into account alongside any applicable new guidance. The Committee will consult with the Company's largest shareholders, where considered appropriate, regarding changes to the operation of the Policy and when the Policy is being reviewed and brought to shareholders for approval.

Prior to the publication of this Policy, the majority of our shareholders received a letter from the Remuneration Committee Chair providing an overview of the new Policy and its proposed implementation for 2024.

Directors' Remuneration Report continued

Recruitment Policy

When setting remuneration packages for new Executive Directors, pay will be set in line with the Policy outlined above. The Remuneration Committee's policy is to pay no more than is necessary to recruit the desired candidate for the role.

Remuneration element	Policy
External appointment to the Board	
Salary	For an external appointment, the Committee will take account of an individual's remuneration package in their prior role, the market positioning of the package and their skills and experience. Base salary will be set at an appropriate level considering the factors mentioned above.
Pension and benefits	Executive Directors will be eligible to participate in the Group's benefit plans and the Group pension scheme in accordance with the Policy set out above.
Relocation	If an individual needs to relocate in order to take up the role, the Group may agree to meet certain costs of relocation including (but not limited to), actual relocation costs, temporary accommodation and travel expenses.
Buy-out awards	For external appointments, the Remuneration Committee may (if it is considered appropriate) provide a buy-out award equivalent to the value of any outstanding incentive awards that will be forfeited on cessation of a Director's previous employment. To the extent possible, the buyout award will be made on a broadly like for like basis. The award will take into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting, the likelihood of vesting and the nature of the awards (cash or equity, performance based or non-performance based). Any such buyout award may be granted under the LTIP or the provision available under FCA's Listing Rule 9.4.2. to enable awards to be made outside the LTIP in exceptional circumstances.
Annual Bonus	Depending on the timing of appointment, the individual may receive a pro-rated annual bonus based on their employment as a proportion of the financial year. The annual bonus opportunity will be set in line with the Policy. The Committee may deem it appropriate to set different performance conditions and targets to the current Executive Directors for the first performance year of appointment.
LTIP	An Executive Director will be eligible to participate in the LTIP in line with Policy. The opportunity levels will be consistent with the Policy table set out above. The Committee may deem it appropriate to set different performance conditions and targets to those applying to current Executive Directors for the first grant following appointment. An LTIP award may be made shortly following an appointment.
Internal appointment to the Board	If an existing employee is promoted to the Board, the above Policy will apply, from the point when they are appointed to the Board and not retrospectively. For an internal appointment, the Committee may initially position remuneration below market level and increase overall pay levels over a period of time to achieve alignment with market levels for the role, subject to Group and individual performance. In addition, any variable remuneration element awarded in respect of their prior role may be permitted to pay out according to its terms. In certain circumstances where an individual's legacy remuneration arrangements fall outside of the approved Policy, the Remuneration Committee may elect to honour those legacy arrangements on a ringfenced basis.
Non-executive Directors	Fees will be in line with the remuneration policy and the fees provided for the other Non-executive Directors.

Service Agreements and Letters of Appointment

Executive Directors

The Executive Directors have a service contract requiring twelve months' notice of termination from either party as shown below:

Executive Director	Date of appointment	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Bhairav Trivedi	1 March 2021	27 May 2023	12 months	12 months	Rolling
Richard Hallett	3 September 2019	27 May 2023	12 months	12 months	Rolling

Policy on termination of service (loss of office)

In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given, and the Executive Director will cease to perform their services immediately.

Treatment of other elements of the Policy (including annual bonus and LTIP), will vary depending on whether a Director is defined as a Good or Bad Leaver. The Remuneration Committee has the discretion to determine whether an executive is a Good Leaver. Reasons for Good Leaver treatment include, but are not limited to, death, ill-health, injury or disability, redundancy and retirement.

The treatment of the various elements of pay on termination are summarised below.

Remuneration element	Treatment
Salary, benefits and pension	• If notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension for the duration of their notice period. The Executive Director may be asked to perform their normal duties during their notice period, or they may be put on garden leave. The Group may, at its sole discretion, terminate the contract immediately, at any time after notice is served, by making a payment in lieu of notice equivalent to salary, with any such payments being paid in monthly instalments over the remaining notice period. The Executive Director will normally have a duty to seek alternative employment and any outstanding payments will be subject to offset against earnings from any new role.
Annual bonus	• Good Leavers will still be eligible to receive an annual bonus payable at the usual time with performance measured at the usual time. The annual bonus will normally be pro-rated for service during the financial year. • Bad Leavers, and Executives who are under notice to leave, who are not classified as Good Leavers, will not be eligible to receive an annual bonus. • Shares purchased under the annual bonus plan are beneficially owned by the Executive Director and so they are not at risk of forfeiture, other than in relation to clawback and malus. Shares subject to a holding period will usually be released at the normal time other than if the Remuneration Committee determines otherwise.
LTIP	• Awards are forfeited on cessation of employment save for Good Leavers where awards may continue to vest subject to performance conditions and normally scaled back pro rata to reflect the proportion of the vesting period served. Vested shares subject to a holding period will be released at the normal time.
Change of control	• The extent to which unvested awards under the LTIP will vest will be determined in accordance with the rules of the plan. This states that LTIP awards may vest early on a takeover, merger or other relevant corporate event unless the Board determines the award will be subject to rollover. The Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant corporate event relative to the performance period. • Holding periods applying to shares owned under the bonus plan and vested LTIP awards will normally cease to apply.

Directors' Remuneration Report continued

Chair and Non-executive Directors

The Chair of the Board and Non-executive Directors have letters of appointment with the Company for an initial three-year term, subject to annual reappointment at the AGM. The appointment letters provide that no compensation is payable on termination, other than accrued fees and expenses.

The table below details the terms of the letters of appointment for the Chair and for each Non-executive Director.

Chair/Non-executive Directors	Date of appointment	Date of current letter of appointment	Notice from the Company	Notice from the individual
Ann Cairns (Chair)	23 February 2023	27 May 2023	12 months	6 months
Caroline Brown	26 April 2023	27 May 2023	3 months	3 months
Susanne Chishti	26 April 2023	27 May 2023	3 months	3 months
Noël Harwerth	23 February 2023	27 May 2023	3 months	3 months
Jennifer Johnson-Calari	26 April 2023	27 May 2023	3 months	3 months
Karen Jordan	26 April 2023	27 May 2023	3 months	3 months
Simon Poole	19 April 2016	16 June 2023	3 months	3 months
Mario Shiliashki	26 April 2023	27 May 2023	3 months	3 months

Annual Report on Remuneration

This section of the Annual Report describes the remuneration received for the 2023 financial year which includes a blend of remuneration relating to the period prior to Admission to Listing when the Company was not listed and the operation of the Policy for FY24.

Remuneration Committee Members and Meetings

The Remuneration Committee was established shortly prior to Admission to Listing. The Committee currently comprises the three Non-executive Directors and the Chair of the Board as listed below. The Remuneration Committee Chair has over 15 years' of experience chairing other UK plc remuneration committees. The Committee meets at least three times a year. The Committee met twice between Admission and the year end, and the meetings were attended by all members of the Committee.

Committee Chair	Noël Harwerth
Committee Member	Ann Cairns
Committee Member	Caroline Brown
Committee Member	Mario Shiliashki

Key Activities During the Year

Over the period since it was constituted, the Committee has carried out the following activities:

- Approved the new Policy and certain elements of its operation effective from Admission, such as the base salary levels for the Executive Group and the first LTIP awards to be made just after Admission.
- Considered the operation of the annual bonus and LTIP (for example the timing of awards under the LTIP, the measures, their weightings and targets applying) for FY24 and considered the approach to broader all-employee share participation.
- Noted the impact of regulatory requirements, and the views of shareholder and proxy agencies on the design of the Policy and its' implementation for 2024.
- Considered the outturn for the FY23 annual bonus.
- Approved the grant of the all-employee Free Shares award to be made in March 2024.

External Advisers

The Remuneration Committee receives independent advice from Korn Ferry, who were appointed in December 2022 following a tender process. During the year under review, the Committee received advice prior to listing on the new Policy, its operation in 2023 and application for 2024 and the drafting of this report. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code of Conduct. The fees for the advice provided from Admission to 31 December 2023 were £86,835. Korn Ferry provided no other advice or services to the Company during the year and has no connection with any individual Director.

Remuneration Committee Roles and Responsibilities

The Role of the Remuneration Committee is to determine and establish a remuneration policy for the Executive Group (which comprises the Executive Directors and members of the Executive Committee), and to oversee the remuneration packages for those individuals. When determining remuneration arrangements, the Committee must review workforce remuneration and related policies and the alignment of incentives and rewards with culture, and take these into account when determining remuneration of the Executive Group. Further details on the roles and responsibilities of the Committee are disclosed in the Terms of Reference which can be found on the Company's corporate website.

Single Total Figure of Remuneration for 2023 (audited)

Executive and Non-executive Directors for the full 2023 financial year to 31 December 2023 and 2022 financial year to 31 December 2022.

All figures shown in £	Salary and fees	Benefits	Pension	Total fixed pay	Annual Bonus	LTIP	Total variable pay	Total Remuneration
Bhairav Trivedi	583,750	2,082	58,375	644,207	303,750	–	303,750	947,957
Richard Hallett	372,346	5,621	26,064	404,032	202,500	–	202,500	606,532
Ann Cairns	270,833	–	–	270,833	–	–	–	270,833
Caroline Brown	77,500	–	–	77,500	–	–	–	77,500
Susanne Chishti	70,000	–	–	70,000	–	–	–	70,000
Noël Harwerth	100,625	–	–	100,625	–	–	–	100,625
Jennifer Johnson-Calari	87,500	–	–	87,500	–	–	–	87,500
Karen Jordan	85,000	–	–	85,000	–	–	–	85,000
Simon Poole[1]	67,500	–	–	67,500	–	–	–	67,500
Mario Shiliashki	77,500	–	–	77,500	–	–	–	77,500

Single Total Figure of Remuneration for 2022 (audited)

All figures shown in £	Salary and fees	Benefits	Pension	Total fixed pay	Annual Bonus	LTIP	Total variable pay	Total Remuneration
Bhairav Trivedi[2]	500,000	1,577	–	501,577	1,801,992	–	1,801,992	2,303,569
Richard Hallett	277,500	4,257	19,425	301,182	200,000	–	200,000	501,182
Susanne Chishti	62,917	–	–	62,917	–	–	–	62,917
Jennifer Johnson-Calari	76,978	–	–	76,978	–	–	–	76,978
Karen Jordan	73,333	–	–	73,333	–	–	–	73,333
Simon Poole[1]	70,000	–	–	70,000	–	–	–	70,000
Mario Shiliashki	69,583	–	–	69,583	–	–	–	69,583

Note
1 Simon Poole is a nominated director appointed to the Board of the Group by the Company's Principal Shareholder, this fee is paid to Helios Investors Genpar III directly.
2 Bhairav Trivedi's 2022 bonus was paid across March 2023 and May 2023. The payment to Bhairav Trivedi in May 2023 was subject to direction given by the PRA under section 138A of the Financial Services and Markets Act 2000 disapplying Rule 15.9(3) of the Remuneration Part of the PRA Rulebook in respect of the performance year starting on 1 January 2022 and ending on 31 December 2022.

Directors' Remuneration Report continued

Annual Bonus Plan Outcomes for 2023

The structure of the annual bonus for the year ending 31 December 2023 was unaffected by the Company's Admission to Listing on the London Stock Exchange and was operated in line with the Group's Policy prior to Admission to Listing, taking account of the applicable remuneration regulations. The 2023 bonus plan followed a balanced scorecard approach as shown below. The bonus opportunity for each of the Executive Directors was 100% of their base salary at year-end. The bonus is payable in cash, in line with the Policy prior to Admission.

The bonus targets for 2023 were set several months prior to Admission to Listing using a mixture of financial and strategic measures which were binary. This is a legacy arrangement which will not operate in 2024.

Measures	Weighting	Target	Actual	Achievement % of maximum opportunity
Gross Income[1]	30%	£140.1m	£137.1m	0%
Adjusted EBITDA margin	20%	50%	47%	0%
Strategic measures	50%	A mixture of stretching targets covering employees, ESG, Operations, Product and Risk applied for 2023. Key achievements included onboarding new employees to reflect our growing organisation and structure, achieving B Corp certification, and moving our overdraft facility (Liquidity as a Service) into full operation, whilst maintaining risk governance and smooth operations		100% (equivalent to 50% of total bonus)

Note
1 Structure of 2023 annual bonus plan pre-IPO referred to Revenue rather than Gross Income, but Gross Income shown as measurable outcome in 2023 financial statements.

The Remuneration Committee exercised its discretion in relation to the annual bonus outcomes for 2023 for the Executive Directors to reflect shareholder experience following the Admission to Listing on the London Stock Exchange and applied a 10% reduction to the formulaic bonus scorecard outcome, reducing the 2023 bonus for both Executive Directors to a discretionary outcome of 45% of the maximum opportunity, as shown below:

	Overall Annual Bonus outcome[1]		
Executive	% of maximum	% of salary	Value of full year bonus (£'000)
Bhairav Trivedi	45%	45%	303,750
Richard Hallett	45%	45%	202,500

Note
1 Bonus payable in cash in 2024.

LTIP Vesting During the Year (Audited)

There are no awards under the LTIP due to vest based on performance to 31 December 2023.

LTIP Granted During the Year (Audited)

The targets for the award granted shortly after Admission to Listing on 11 July 2023 are listed below:

		Targets	
Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
FY25 Earnings per share	67%	37.2 pence	48.9 pence
TSR relative to FTSE 250 excluding investment trusts	33%	Median	Upper quartile

The details for the LTIP awards granted to each Executive Director are shown below:

Executive	Basis of the award (% of salary)	Threshold vesting (% of maximum)	Number of shares granted[1]	Face value of the award at offer price	Face value of the award at grant date[1]	Grant date	End of performance period
Bhairav Trivedi	150%	25%	302,238	£1,012,497	£936,938	11 July 2023	31 December 2025
Richard Hallett	130%	25%	174,626	£584,997	£541,341		

1 LTIP grants were granted in the form of conditional share awards. As disclosed in the Prospectus, the number of shares awarded was calculated using the Offer Share Price of 335 pence. The face value of the awards at the grant date reflects the decrease in the Company's share price over the period between Admission and the Grant Date. The share price at grant was 310 pence.

Payments to Former Directors and for Loss of Office (Audited)

There were no payments to former Directors or payments for loss of office during the year.

Directors' Interests (Audited)

The interests of the Directors and their connected persons in the shares in the Company as at 31 December 2023 is set out below.

Director	Ordinary shares held at 31 December 2023
Bhairav Trivedi	6,019,689
Richard Hallett	1,995,652
Ann Cairns	–
Caroline Brown	–
Susanne Chishti	–
Noël Harwerth	–
Jennifer Johnson-Calari	–
Karen Jordan	–
Simon Poole	–
Mario Shiliashki	–

Executive Directors' Shareholding Requirements (Audited)

Under the new Policy Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary during employment. The shareholdings of the CEO and CFO on Admission exceed this requirement significantly. Post-cessation of employment, Executive Directors must retain shares to the lesser of their shareholding at cessation and 200% of salary for a period of two years.

The table below summarises each Director's current shareholding, including those of connected persons, and the shares subject to a deferral or holding period and performance conditions.

Director	Beneficially owned shares on 31 December 2023	Vested shares subject to deferral/ holding period	Unvested shares subject to performance conditions	Shareholding requirement (% of salary)	Current shareholding (% of salary)	Requirement met?
Bhairav Trivedi	6,019,689	–	302,238	200%	738%	Yes
Richard Hallett[1]	1,995,652	–	174,626	200%	367%	Yes
Ann Cairns	–	–	–	N/A	N/A	N/A
Caroline Brown	–	–	–	N/A	N/A	N/A
Susanne Chishti	–	–	–	N/A	N/A	N/A
Noël Harwerth	–	–	–	N/A	N/A	N/A
Jennifer Johnson-Calari	–	–	–	N/A	N/A	N/A
Karen Jordan	–	–	–	N/A	N/A	N/A
Simon Poole	–	–	–	N/A	N/A	N/A
Mario Shiliashki	–	–	–	N/A	N/A	N/A

Note

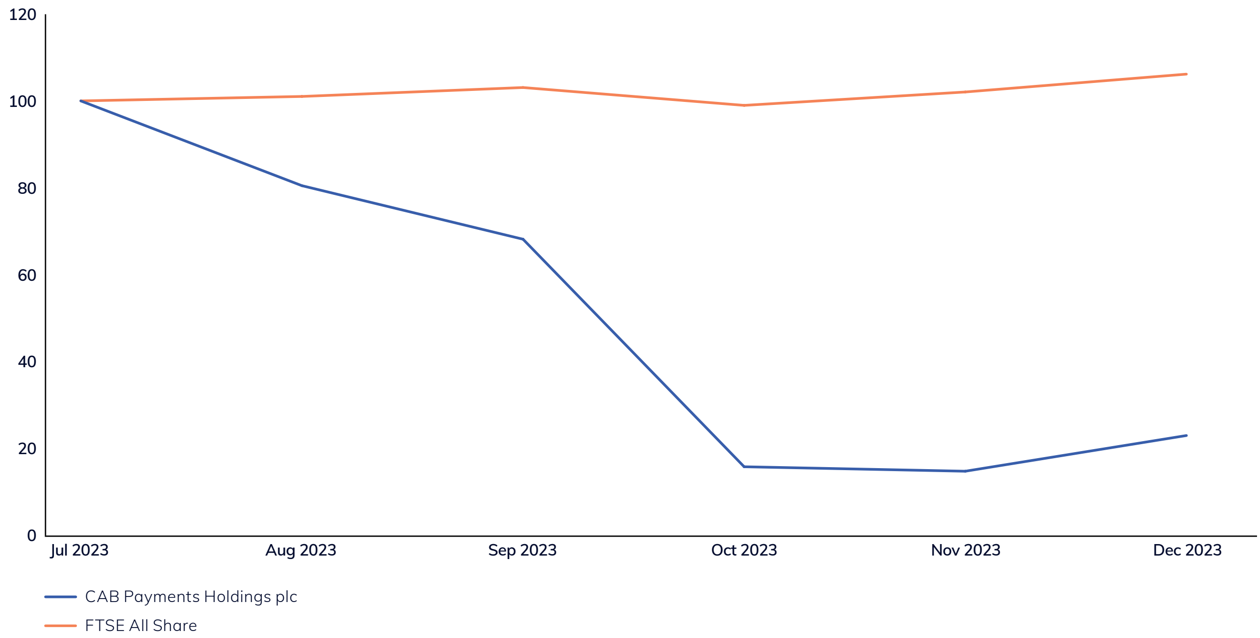
1 Further to the above, Richard Hallett increased his shareholding through a purchase of 50,000 shares on 16 January 2024.

Directors' Remuneration Report continued

Performance Graph and Table

CPH shares began conditional trading on the London Stock Exchange's Main Market on 6 July 2023. The chart below shows the TSR performance of £100 invested in the Company from 6 July 2023 (using the offer price of 335 pence per share) to 31 December 2023 against the FTSE All-Share Index. The FTSE All-Share Index is considered an appropriate comparison as CPH is a constituent of the Index.

Total Shareholder Return



The table below shows the single figure of total remuneration for the CEO since 2022 and the variable remuneration delivered as a percentage of maximum opportunity.

Bhairav Trivedi (CEO)	Single figure of total remuneration	Bonus earned as % of maximum opportunity	Vesting of LTIP as % of maximum number of shares that could have vested
2022	£1,803,569	100%[1]	n/a[2]
2023	£947,957	45%	n/a[2]

Note
1 Bhairav Trivedi's 2022 bonus was subject to direction given by PRA under section 138A of the Financial Services and Markets Act 2000 disapplying Rule 15.9(3) of the Remuneration Part of the PRA Rulebook in respect of the performance year starting on 1 January 2022 and ending on 31 December 2022.
2 No long-term incentive plan awards were scheduled to vest in 2022 or 2023.

Change in Directors and Employee Remuneration

The table below sets out the percentage change in base salary, value of taxable benefits and bonus for the Directors in 2023 compared with the average percentage change for employees. For these purposes, employees employed at 30 September in each year have been used as a comparator group as this is the population eligible for pay review. The percentage change for Executive and Non-executive Directors is calculated based on the remuneration disclosed in the single figure table. The percentage is not included for Non-executive Directors who joined the Board in the year as the disclosure would not be meaningful. There have been no material changes to the structure of employee benefits between 2022 and 2023, however, the cost of medical insurance increased and this is reflected below. The increase to UK salaries reflects the change in employee population with more technology hires and more specialists hired to reflect the requirements of a listed company. The increases to Executive Director salaries in 2023 compared to 2022 were based on a market assessment of salary levels. The reduction in bonus for the CEO is due to the discretion exercised by the Remuneration Committee in 2023 as described above. The increases to the Non-executive Director fees in 2023 compared to 2022 were based on a market assessment of fee levels.

	Base salary/NED fees			Taxable benefits			Annual bonus		
	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
UK employees	16%	2%	4%	15%	3%	13%	95%	28%	(30)%
CEO	N/A	25%	17%	N/A	789%	32%	N/A	123%	(83)%
CFO	9%	5%	34%	5%	21%	32%	19%	14%	1%
Susanne Chishti	14%	39%	11%	N/A	N/A	N/A	N/A	N/A	N/A
Jennifer Johnson-Calari	32%	36%	14%	N/A	N/A	N/A	N/A	N/A	N/A
Karen Jordan	N/A	27%	16%	N/A	N/A	N/A	N/A	N/A	N/A
Mario Shiliashki	42%	22%	11%	N/A	N/A	N/A	N/A	N/A	N/A

CEO Pay Ratio

UK regulations require companies with more than 250 UK employees to publish a ratio to show CEO pay vs that of UK employees. In line with these regulations, we have provided the ratio calculated using option A as determined by the regulations, through calculating a single total figure of remuneration for each employee and analysing the quartiles, as this is the most statistically accurate option under the regulations.

Financial year	Method	Lower quartile	Median	Upper quartile
2023	A	14:1	11:1	7:1

The pay for the CEO and the employees at the percentiles are set out below:

	CEO	Lower quartile	Median	Upper quartile
Basic salary	583,750	48,205	65,825	103,750
Total pay	947,957	65,508	88,862	138,331

The employee pay figures were calculated by reference to the year to 31 December 2023, consistent with the period used for the single total figure of remuneration calculated for the directors. No components of pay have been omitted in this calculation. Salaries, variable compensation, taxable benefits and pensions were annualised for employees who have not been with the Group for the full financial year or grossed up on a full-time equivalent basis for part-time employees. The Committee is comfortable that the pay ratio shown above is consistent with our pay, reward and progression policies for the Group's UK employees as a whole.

Directors' Remuneration Report continued

Relative Importance of the Spend on Pay

The table below shows the Group's expenditure on employee pay compared to distributions to shareholders for the year ended 31 December 2023:

	FY23 £m	FY22 £m
Distribution to shareholders	12.8	-
Total employee pay	45.6	35.8

Implementation of Policy in FY24

Executive Director Remuneration

Base Salary

There will be no change to the base salary levels set on Admission. Therefore, the base salary levels will be as follows:

- Chief Executive Officer £675,000
- Chief Financial Officer £450,000

Pension and benefits

Executive Directors will receive a pension contribution or cash equivalent of 10% of salary in line with the rate applying to the majority of the UK workforce. Benefits include medical insurance, income protection and life assurance cover.

Annual bonus

The maximum annual bonus opportunity will be in line with Policy, 150% of salary for the CEO and 130% of salary for the CFO.

The performance conditions for FY24 will be as follows:

Financial targets (60% of the total bonus)

Gross income: 30%

Adjusted EBITDA margin: 15%

Free Cash Flow: 15%

Non-financial and strategic targets (40% of the total bonus)

Diversification of currencies, clients and geographies: 25%

Employee metrics linked to engagement score and gender balance of new hires: 10%

ESG measures: 5%

These metrics were considered in detail by the Remuneration Committee, and are specifically designed to address our core strategic priorities, the delivery of strong, sustainable financial growth and to position the Group for the longer term restoration of shareholder value.

One-third of the after tax bonus will be used to purchase shares which must be held for three years, the remaining two-thirds will be paid in cash.

LTIP

The Remuneration Committee intends to make LTIP awards during 2024 as soon as practicable. The Committee decided to postpone the 2024 grant so as to ensure that the performance conditions applying are as relevant to the Group's long-term growth plans as possible.

The Committee will determine the level of award to be made to the Executive Directors, within the limits set out in the Policy, taking into account the share price at the time the grant is made.

Full details of the number of shares awarded and the performance conditions applying will be published when the awards are made.

Vested awards will be subject to a two-year post-vesting holding period.

Change of CEO

On 23 February 2024 we announced that Bhairav Trivedi, Chief Executive Officer (CEO), will be succeeded by Neeraj Kapur, following publication of the FY23 Financial Results on 26 March 2024 and subject to regulatory approval. Neeraj joined on 23 February 2024. Bhairav will support a smooth transition of responsibilities to Neeraj and has agreed to then take on a new role within the Group as Senior Adviser to the Board. Bhairav will continue to receive his salary and benefits and is eligible to participate in an incentive plan for 2024 connected to his new role.

Neeraj's remuneration arrangements have been set in accordance with the Policy set out above. His salary is £675,000. He receives a pension contribution, or cash equivalent, of 10% of base salary in line with the rate applying to the majority of the UK workforce. His benefits include medical insurance, income protection and life assurance cover. His maximum bonus opportunity is 150% of salary and he will be eligible for FY2024 bonus subject to the performance conditions set out above, and pro-rated to reflect the proportion of FY2024 for which he is an employee. He is also eligible to receive an award under the LTIP to be granted in 2024 as set out above. Neeraj did not receive a buy-out award.

Non-executive Director Remuneration

Prior to Admission, Non-executive Director fees were reviewed. A summary of the fees set on Admission (which are unchanged for 2024) is shown below.

Non-executive Director	Fee
Chair of the Board	£325,000
Non-executive Director base fee	£65,000
Senior Independent Director fee	£15,000
Risk Committee Chair fee	£22,500
Audit or Remuneration Committee Chair fee	£20,000
Risk Committee member fee	£7,500
Audit or Remuneration Committee member fee	£5,000
Tech forum member fee	£5,000

All-Employee Share Incentives

In January 2024, the Company approved an award of 1,000 'free shares' under the Company's Share Incentive Plan to all employees in service with the Group since the time of Admission to Listing on the London Stock Exchange.

Directors' Report

In accordance with Section 415 of the Companies Act 2006, the Directors present their report for the year ended 31 December 2023.

The requisite components of this report are largely set out elsewhere in this Annual Report and are incorporated into this Report by reference. Additional information may be found on the Company's website at https://cabpayments.com/investors/. The table below sets out where disclosures can be found or provides the relevant information.

Business Performance	
Results	Results for the year ended 31 December 2023 are set out in the Strategic Report on pages 2 to 15 and the Consolidated Statement of Profit or Loss on page 137.
Dividends	Details of dividends paid during the period can be found in Note 28 to the financial statements. The Company does not currently intend to pay any dividends as the Group invests in future growth. The Company intends to revisit its dividend policy in future years and may revise its dividend policy from time to time. No final dividend will be proposed for the year ended 31 December 2023.
Strategic Report	The Strategic Report can be found on pages 10 to 67.
Corporate Governance Statement	The Company's Statement on Corporate Governance can be found on page 76.
Directors' Remuneration Report	The Directors' Remuneration Report can be found on pages 98 to 119.
Activities in Research and Development	Details can be found in the Strategic Report on pages 10 to 67
Future developments	Details about the Group's future developments can be found in the Strategic Report on pages 10 to 67.
Post Balance Sheet events	Events after the Reporting Period are set out in Note 46 to the financial statements.
Directors	
Directors	Directors that have served during the year and up to the date of signing and summaries of the current Directors' key skills and experience are set out in the Corporate Governance Statement on pages 72 and 73.
Board Diversity Statement	The Board Diversity Statement as required by the Listing Rules is set out on page 88.
Directors' interests	Details of the Directors' beneficial interests are set out in the Directors' Remuneration Report on page 115.
Directors' indemnities	The Company has given indemnities to each of the Directors in respect of any liability arising against them in connection with the Group's activities in the conduct of their duties. These indemnities are subject to the conditions set out in the Companies Act 2006 and remain in place at the date of this Annual Report. These provisions are qualifying third party indemnity provisions as defined in Section 234 of the Companies Act 2006 and do not provide cover in the event that a Director is proven to have acted dishonestly or fraudulently.
Directors' and Officers' liability insurance	Directors' and Officers' Liability Insurance cover is in place at the date of this Report. Cover is reviewed annually and does not provide cover in the event that a Director is proven to have acted dishonestly or fraudulently.
Appointment and replacement of Directors	A Director may be elected by the shareholders or appointed by the Board. At each annual general meeting all Directors must retire and will be eligible for election or re-election by the shareholders. For so long as the Company has a Controlling Shareholder an election or re-election of an independent Director must be approved by the shareholders of the Company as a whole and any member entitled to vote who is not a Controlling Shareholder. Under the terms of the Relationship Agreement, for so long as the Principal Shareholder holds at least 10% of the ordinary shares the Principal Shareholder has the right to nominate one Non-executive Director to the Board and for so long as they hold at least 25% of ordinary shares have the right to nominate two Non-executive Directors to the Board.
Powers of the Directors	Subject to the Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Employees	
Employees	The average number of employees within the Group is shown in note 8 to the financial statements. In our commitment to diversity and inclusion, the Group values the unique contributions of our diverse workforce, fostering a culture of openness, mutual respect, and collaboration. The Group prioritises equal opportunities, ensuring fairness and inclusivity in all aspects of employment with policies prohibiting discrimination based on various factors, including race, gender, disability, and age.
Equal opportunities	The Group provides equal opportunities in recruitment, training, and career development, emphasising abilities and aptitudes regardless of disabilities, and offers retraining opportunities for employees who become disabled during their tenure.
Health and safety	The Group prioritises the safety and wellbeing of its employees, visitors, and the public, integrating health and safety measures into its business objectives.
Harassment	The Group has a zero-tolerance policy towards workplace harassment, including sexual, mental, or physical harassment, with clear reporting procedures to the HR Department.
Human rights	The Group promotes human rights and dignity through its global supply chain and product contributions, as detailed in the ESG section of this Annual Report and Accounts on pages 28 to 46.
Communication	The Group ensures transparent communication through regular updates on financial and economic factors, encouraging employee engagement through surveys, meetings, and presentations.
Whistleblowing Policy	The Group's policy provides guidelines for individuals to raise concerns confidentially, with protections in place to safeguard their positions.
Constitution	
Articles of Association	Any amendments to the Articles of Association may be made by a special resolution of shareholders. The Articles are available on the Company's website at https://cabpayments.com/investors/.
Branches outside of the UK	Details of the Company's subsidiary undertakings and branch offices are set out on page 198.
Change of control	The following represents the likely effect on significant agreements with the Company were it to be subject to a change of control: The Group is party to a small number of agreements that may be terminated upon a change of control of the Company, including a takeover bid. Whether this may apply depends on the identity or characteristics of the new controller. The Company does not have any agreements with any Non-executive Director, Executive Director or employee that would provide compensation for loss of office or employment resulting from a change of control except that provisions of the Company's share incentive plans may cause outstanding unvested options and awards granted to employees under such plans to vest on a takeover as follows:

Share incentive plan	Change of control	Effect on vesting provisions in the rules	Performance condition
Long Term Incentive Plan	Yes	Full vesting	n/a

Directors' Report continued

Stakeholders and policies	
s172 Statement	The Company's s172 Statement can be found in the Strategic Report on pages 48 and 49.
Workforce engagement	Details of how the Group engages with its workforce can be found in the Strategic Report on pages 48 and 49 and the Corporate Governance Statement on page 84.
Supporting disability	Details of the Group's policy for giving full and fair consideration to applications for employment of disabled persons, continuing employment of and appropriate training for employees who become disabled, training, career development, promotion of disabled employees can be found on page 121.
Stakeholder engagement on key decisions	Details of the key decisions and discussions of the Board during the year and the main stakeholder inputs into those decision are set out in the Strategic Report on 48 and 49 and Corporate Governance Statement on page 84 and 85.
Modern Slavery Statement	The Group has approved and published on its website its Modern Slavery Statement in accordance with the Modern Slavery Act 2015 https://cabpayments.com/modern-slavery-statement/
Diversity Policy	The Board has approved a policy on diversity and inclusion. An overview of the Group's approach to equity, diversity and inclusion can be found on page 121.
Greenhouse gas emissions	Details of the Group's greenhouse gas emissions can be found in the ESG Report on 28 to 46 of the Strategic Report.
Political contributions	The Group did not make any donations to political organisations during the year.
Financial instruments and risk	Details of the Group's policies on financial risk management and the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk are outlined in notes 37 to 40 to the financial statements.
Going concern	After making appropriate enquiries and taking into account the matters set out in the Principal Risks and Uncertainties section on pages 60 to 64 of this Annual Report, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months following the approval of this Annual Return. For this reason, they continue to adopt the going concern basis when preparing these financial statements.
Shareholders and share capital	
Share capital	The Company has a single class of share which is divided into ordinary shares of 0.0333 pence each. Each Ordinary Share carries one vote and all of the ordinary shares rank pari passu. There are no special control rights attached to any of the ordinary shares. At the date of this Report, 254.1 million ordinary shares of 0.0333 pence each had been issued which are fully paid up and are listed on the London Stock Exchange. The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, which can be obtained from the Company's website at https://cabpayments.com/investors/ or can be obtained from Companies House or by writing to the Company Secretary. The Company has established an employee benefit trust (EBT) in connection with the operation of the Company's share incentive plan. The trustees of the EBT have waived their right to receive dividends on any ordinary shares held by it, save in respect of ordinary shares it holds for any beneficiary as nominee. At a general meeting of the Company, every member has one vote on a show of hands and, on a poll, one vote for each share held. A proxy or corporate representative on a show of hands has one vote for and one vote against a resolution if appointed by one or more members to vote for the resolution and by one or more members to vote against the resolution.

Shareholders and share capital continued

Under the Companies Act 2006, members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at a general meeting.

No member is entitled to vote at any general meeting in respect of shares held if any call or other sum outstanding in respect of that share remains unpaid. In addition, subject to the Articles of Association, no member shall be entitled to vote if they have failed to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006.

The Articles of Association provide for a deadline for submission of proxy forms of not less than 48 hours before the meeting (or such shorter time if agreed by the Board). In calculating the period no account should be taken of any day that is not a working day.

Variation of rights

Rights attached to any class of share may be varied with the written consent of the holders of at least three-quarters in nominal value of the issued shares of that class, or by a special resolution passed at a separate meeting of the holders of those shares.

Restrictions on transfer of shares

There are no specific restrictions on the transfer of securities in the Company which are governed by its Articles and relevant legislation other than certain restrictions which may from time-to-time be imposed by law, for example insider trading law or as required under the Company's Remuneration Policy for Executive Directors. In accordance with the Market Abuse Regulation as retained in UK law, certain employees are required to seek the approval of the Company prior to dealing in its securities.

The Company is not aware of agreements between the holders of shares that may result in restrictions on the transfer of shares or that might result in restrictions on voting rights.

Further details of the Company's share capital are set out in Note 27 to the Financial Statements.

Powers for issue of new shares

Details of changes in the share capital of the Company during the year ended 31 December 2023 can be found in Note 27 to the Financial Statements.

At the AGM the Directors will seek renewal of their authorities to allot shares and to disapply pre-emption rights in line with the latest institutional shareholder guidelines.

Authority to purchase own shares

At a general meeting held prior to Admission, the Company was given authority by a resolution passed by shareholders to make market purchases of up to 10% of its issued share capital. This authority will expire at the conclusion of the Company's 2024 AGM. A resolution to renew the authority will be proposed at the 2024 AGM. The Company did not make use of the authority during the year.

Major interests in shares

In accordance with Listing Rule 9.8.6(2), the Company has been notified of the following significant interests in its ordinary shares pursuant to Disclosure Guidance and Transparency Rule 5:

Notifiable interests	Voting rights	% of capital	Nature of holding (direct/indirect)
Helios Investment Partners LLP	114,640,189	45.11	Indirect
BlackRock, LLC	19,627,745	7.71	Indirect
FMR, LLC	14,056,500	5.53	Indirect
Eurocomm Holding Limited	13,264,981	5.23	Direct

As at 25 March 2024, the Company had been advised of the following additional changes:

Notifiable interests	Voting rights	% of capital	Nature of holding (direct/indirect)
FMR, LLC	12,681,936	4.99	Indirect
Working Capital Advisors (UK) Ltd	12,721,597	5.00	Indirect

AGM

The Company's AGM will be held at 2.00pm on Thursday, 9 May 2024 at The News Building, 3 London Bridge Street, London SE1 9SG. Details of the arrangements for the AGM can be found on the Company's website.

Directors' Report continued

Auditors and audit

Auditor reappointment	A resolution to re-appoint Mazars LLP as auditor will be proposed at the AGM.
Audit confirmations	Each of the Directors at the date of the approval of this report confirms that: • So far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; • They have taken all the reasonable steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of the information; and • The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Listing Rule Disclosures

Listing Rule 9.8.4	Disclosure requirements under Listing Rule 9.8.4 are identified below along with cross-references indicating where the relevant information is set out in the Annual Report:

Listing Rule	Detail	Page
9.8.4 (12)	Arrangements to waiver dividends by shareholder	122
9.8.4 (14)	Controlling Shareholder statements	84

The Directors' Report has been approved by the Board of Directors of CAB Payments Holdings plc.

Signed on behalf of the Board

Lesley Martin
Company Secretary
25 March 2024
CAB Payments Holdings plc
Registered Office: 2 Quadrant House, The Quadrant, Sutton, Surrey, England, SM2 5AS
Company Number: 09659405

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable United Kingdom law and regulations.

The Directors are required to prepare financial statements for each financial year which present a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. The Directors have elected to prepare the Group and Parent Company financial statements in accordance with the UK-adopted International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006.

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

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and of the Group's financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company and the Group to continue as a going concern, it is appropriate to presume that the Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and of the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable UK law and regulations, the Directors are responsible for the preparation of a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and regulations. In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neither the Company nor the Directors accept any liability to any person in relation to the annual financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Directors' Responsibility Statement under the Code

In accordance with Provision 27 of the Code, the Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides information necessary to enable shareholders to assess the Company's performance, business model and strategy.

Responsibility Statement of the Directors in Respect of the Annual Report and Accounts

Each of the Directors whose names are listed on **pages 72 and 73** confirm that to the best of their knowledge:

(a) the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the Annual Report (including the Strategic Report encompassed within the 'Overview', 'Strategic Report', 'Performance' and 'Governance' sections) includes a fair review of the development and performance of the business, and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

Richard Hallett
Chief Financial Officer
25 March 2024

Financial Statements

Moving money through secure

cross-border payments...

...for the transformation of

livelihoods, societies and economies

Independent Auditor's Report to the members of CAB Payments Holdings plc

Opinion

We have audited the financial statements of CAB Payments Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC') Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these 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 concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Reviewing the directors' going concern assessment to determine that it appropriately considers an assessment of key business risks including assessing the sufficiency of the Group's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') documents;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Group's and the Parent Company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions used in their forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of stress testing and reverse stress testing on the Group's capital and liquidity and their consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control and assessment of the directors' considerations of the implications of the macroeconomic environment and geopolitical risk;
- Engaging our prudential regulatory experts to assess the results of management's stress testing and the impact on liquidity and regulatory capital;

- Assessing the reasonableness of the forecasts prepared by the directors, including evaluating the historical accuracy of the forecasts;
- Inspecting regulatory correspondence with the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA') and inspecting Board of Directors' meeting minutes to identify events or conditions that may impact the Group's and the Parent Company's ability to continue as a going concern;
- Considering whether there were events subsequent to the balance sheet date which could have a bearing on the going concern conclusion;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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 Group's and the Parent Company's ability to continue as a going concern for a period of 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.

In relation to CAB Payments Holdings plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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) we identified, including those 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Independent Auditor's Report to the members of CAB Payments Holdings plc
continued

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td>

Revenue recognition on manual adjustments to net foreign exchange gain

The Group recognised a total net foreign exchange gain of £88,417,000 in the year ended 31 December 2023 (2022: £82,756,000).

Refer to material accounting policy information (Note 1) and to Note 6 of the financial statements.

The net foreign exchange gain comprises unrealised income/losses from foreign exchange transactions, and net foreign exchange translation gains/losses, which are subject to manual adjustments.

Management performs mark-to-market adjustments to open trades daily. Automated elements of the process contain errors due to limitations in the calibration of data feeds within the core operating system. Management performs reviews to ensure errors are identified and manually corrected. The reliance on manual processes increases the risk of error.

Foreign exchange gains/losses on translation of non-sterling balances are calculated automatically using exchange rate data feeds. Errors in the data fees require management to manually reperform the calculation. Adjustments are also made to the automated data to reflect the illiquid nature of some frontier markets currencies.

The accuracy and completeness of these manual adjustments has been designated as a key audit matter given the enhanced risk of material misstatement due to error.

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Our audit procedures included, but were not limited to:

In relation to manual mark-to-market adjustments on open trades, we have:

- Obtained an understanding of the key processes relating to manual mark-to-market adjustment on open trades and performed end-to-end walkthroughs of relevant key business processes to identify key systems, applications and controls in the process;
- Evaluated the design and implementation of key controls, including information technology dependent manual controls, on the exchange rate adjustments to the mark-to-market balances;
- Tested the operating effectiveness of key controls around management's manual interventions on mark-to-market adjustments on open trades;
- Tested the accuracy of foreign exchange rates applied in the core banking system;
- On a sample basis, performed a recalculation of the foreign exchange gains or losses, based on supporting documentation;
- With assistance of our in-house data analytics specialists, tested the accuracy of net foreign exchange gain through re-computation; and
- Tested the accuracy of the manual adjustments and validating the journal entries posted in the general ledger.

In relation to manual adjustments to daily translation of non-Sterling balances, we have:

- Obtained an understanding of the key processes relating to manual adjustments to daily revaluation of non-Sterling balances and performed end-to-end walkthroughs of relevant key business processes to identify key systems, applications and controls in the process;
- Evaluated the design and implementation of key controls over the daily exchange rate adjustments on the non-Sterling balances;
- Tested the operating effectiveness of key controls around management's manual interventions;
- Tested the accuracy of foreign exchange rates applied in the core banking system;
- On a sample basis, agreed frontier market currency trades to supporting documents such as SWIFT statements or deal tickets;
- Tested the accuracy of the manual adjustments and validating the journal entries posted in the general ledger;
- Performed a recalculation of the foreign exchange translation for a sample of non-Sterling balances on the Statement of Financial Position at year end, based on supporting documentation; and
- With the assistance of our in-house data analytics specialists, tested the accuracy of net foreign exchange gain through re-computation.

We tested the information technology general controls including user access, change management, and segregation of duties within the core banking system.

We assessed the adequacy and appropriateness of the disclosures in the financial statements in relation to net foreign exchange gain and assessed for compliance with the requirement of IFRS.

Our observations

We found the manual adjustments to net foreign exchange are not materially misstated for the year ended 31 December 2023 and materially in accordance with IFRS.

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<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
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Completeness and accuracy of expected credit losses ('ECL') on loans and advances including undrawn commitments

At 31 December 2023, the Group reported a total ECL balance sheet provision for loans and advances including undrawn commitments of £784,000 (2022: £376,000).

Refer to material accounting policy information (Note 1) and to Notes 2, 13, 26 and 37 of the financial statements.

Credit risk is an inherently judgmental area due to the use of subjective assumptions and a high degree of estimation. The Group has credit exposure with banks and customer counterparties located in a diverse range of countries around the world.

The impairment provision relating to the Group's loans and advances portfolio requires the directors to make judgements over the ability of the Group's debtors to make future repayments.

Management identifies stage 3 loans through criteria relating to days past due or being unlikely to pay. Judgement is applied in the assessment of unlikely to pay criteria. The identification of stage 3 loans and advances and the provision assessment of these related exposures with higher credit risk, within Liquidity as a Service ('LaaS'), lines of credit and guaranty products, has been identified as an enhanced risk.

The ECL model used by the Group requires model inputs from a range of sources collated manually. Sources include operating system data, credit risk management committee minutes, internal rating scorecards and facility agreements. These inputs particularly impact the completeness and accuracy of Probability of Default ('PD') and Exposure at Default ('EAD'). The manual nature of the process increases the likelihood of error or omission, giving rise to an enhanced risk.

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Our audit procedures included but were not limited to:

In relation to the completeness of stage 3 loans, we have performed the following procedures, including with the assistance of our credit modelling specialists, to address the specific risks identified:

- Obtained an understanding of the key processes relating to ECL and performed end-to-end walkthroughs of relevant key business processes to identify key systems, applications and controls in the ECL process;
- Evaluated the design and implementation of key controls over staging allocation criteria including internal rating calculations, annual reviews, days past due monitoring and watchlist monitoring;
- Reviewed minutes of the credit risk management committee meetings which include watchlist monitoring;
- Critically assessed the methodology for determining the default criteria in accordance with IFRS 9 requirements;
- Reviewed a sample of stage 1 and 2 exposures against default criteria to assess judgements made around unlikely to pay criteria;
- Tested the effectiveness of bank reconciliation controls to identify missed payments; and
- Performed reconciliation of staging allocation to source documentation including the watchlist.

In relation to data inputs, we have performed the following procedures, including with the assistance of our credit modelling specialists, to address the specific risks identified:

- Evaluated the design and implementation of key controls over the ECL data including management's processes to ensure the accuracy and completeness of data feeding into the PD and EAD models;
- Tested the reconciliation of exposures used in the ECL model at year-end against the exposures in the trial balance to ensure completeness of exposures in the ECL model; and
- Tested the completeness and accuracy of data inputs for the ECL model, on a sample basis, by agreeing to operating system data, credit risk management committee minutes, internal rating scorecards and facility agreements.

We performed a stand-back assessment of the ECL provision to assess its reasonableness and appropriateness, considering the quality of the portfolio, credit risk profile and staging profile.

We assessed the adequacy and appropriateness of the disclosures in the financial statements in relation to ECL, and assessed for compliance with the requirement of IFRS 9. This included assessing appropriateness of accounting policy related to ECL and evaluating whether the disclosures appropriately reflect and address the uncertainty which exists when determining ECL including sensitivity analysis and key judgements.

Our observations

We found the judgements and assumptions used by management in the ECL assessment, and related disclosures, are materiality in accordance with the requirement of IFRS 9. The ECL impairment provision on loans and advances, including undrawn commitments, is not materially misstated as at 31 December 2023.

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Independent Auditor's Report to the members of CAB Payments Holdings plc
continued

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	**£2,936,000**
How we determined it	5% of Profit before tax excluding non-recurring operating expenses
Rationale for benchmark applied	Profit before tax ('PBT') is the benchmark typically used for profit-oriented groups. We have adjusted the PBT with the non-recurring operating expenses incurred in the current year. We believe that adjusted PBT provides us with most appropriate measure for the users of the financial statements, given that the Group is a profit-making entity, it is the standard for listed entities and it is consistent with the wider industry.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £1,762,000, which represents 60% of overall materiality. We considered several factors in determining performance materiality, including the level and nature of uncorrected and corrected misstatements in the prior year and the robustness of the control environment, and concluded that an amount in the middle of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £88,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent Company materiality

Overall materiality	**£1,486,000**
How we determined it	1% of net assets
Rationale for benchmark applied	We believe that net assets provides us with the most appropriate measure for the users of the Parent Company's financial statements, given that the Parent Company is primarily a holding company.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £892,000, which represents 60% of overall materiality. We considered several factors in determining performance materiality, including the level and nature of uncorrected and corrected misstatements in the prior year and the robustness of the control environment, and concluded that an amount in the middle of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £45,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and the Parent Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the Group's and the Parent Company's financial statements. Based on our risk assessment, the main trading component, Crown Agents Bank Limited, together with the Parent Company, were subject to full scope audit performed by the group audit team. This provided the following coverage: 98.2% of the absolute Group's revenue, net of interest expense, 99.9% of the Group's absolute PBT, 99.9% of the Group's absolute PBT excluding non-recurring operating expenses, 99.4% of the Group's total assets and 89.7% of the Group's net assets.

At the Parent Company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the 'FCA Rules'), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Independent Auditor's Report to the members of CAB Payments Holdings plc
continued

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- Strategic Report or the Directors' Report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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; or
- a corporate governance statement has not been prepared by the Parent Company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 122;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on pages 65 and 66;
- Directors' statement on fair, balanced and understandable, set out on page 92;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 65;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 83; and;
- The section describing the work of the audit committee, set out on pages 90 to 95.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 125, 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 Group's and the Parent Company'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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the Parent Company and the industry that they operate in, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulatory and supervisory requirements of the PRA and of the FCA and financial crime regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the Parent Company, the industry in which they operate, and considering the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with PRA and FCA and holding bilateral discussions with the PRA;
- Inspecting minutes of meetings of directors held during the year and up until the date of approval of the financial statements;
- Attending Board Audit Committee and Board Risk Committee meetings held during the year and up until the date of approval of the financial statements and inspecting minutes of those meetings; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing and testing of significant one-off transactions; and
- Being skeptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

Independent Auditor's Report to the members of CAB Payments Holdings plc
continued

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Other matters which we are required to address

We were appointed by the Board of Directors on 28 June 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods, which was prior to the Parent Company becoming a public interest entity ('PIE'). The Parent Company became a PIE during the year ended 31 December 2023, and following the recommendation of the Board Audit Committee, were appointed by the Board of Directors on 5 December 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement since the Parent Company became a PIE is one year, covering the year ending 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with our additional report to the Board Audit Committee.

Use of the audit report

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

As required by the FCA Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Maximiliano Bark (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey, London, EC4M 7AU

27 March 2024

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Continuing operations			
Interest income	4	**52,353**	17,171
Interest expense	4	**(30,854)**	(10,398)
Net interest income		**21,499**	6,773
Gains on money market funds		**11,036**	3,584
Net gain on financial assets and financial liabilities mandatorily held at fair value through profit or loss		**1,232**	1,009
Fees and commission income	5	**14,571**	15,797
Net foreign exchange gain	6	**88,417**	82,756
Revenue, net of interest expense		**136,755**	109,919
Other operating income / (loss)	7	**313**	(484)
Total income, net of interest expense		**137,068**	109,435
– Recurring	8	**(77,946)**	(59,870)
– Non-recurring	8	**(21,101)**	(5,332)
Operating expenses		**(99,047)**	(65,202)
Impairment loss on financial assets at amortised cost	37	**(404)**	(342)
Profit before taxation		**37,617**	43,891
Tax expense	9	**(13,727)**	(10,456)
Profit after tax for the year from continuing operations		**23,890**	33,435
Discontinued operations			
Loss after tax for the year from discontinued operations	10	**(153)**	(67)
Profit for the year		**23,737**	33,368
Profit for the year attributable to:			
– Owners of the parent	28	**22,713**	31,001
– Non-controlling interests	31	**1,024**	2,367
		23,737	33,368

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

Consolidated Statement of Other Comprehensive Income

for the year ended 31 December 2023

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

The notes on pages 146 to 237 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	As at 31 December 2023 £'000	As at 31 December 2022 (restated[1]) £'000
Assets			
Cash and balances at central banks	11	**528,396**	607,358
Money market funds	12	**518,764**	209,486
Loans and advances on demand to banks	13	**135,178**	90,209
Investments in debt securities	15	**353,028**	414,061
Other loans and advances to banks[1]	13	**137,570**	85,465
Other loans and advances to non-banks[1]	13	**8,216**	12,447
Unsettled transactions[2]	18	**8,417**	16,071
Derivative financial assets	14	**3,829**	6,567
Investments in equity securities	16	**495**	488
Other assets[2]	18	**11,200**	16,409
Accrued income	17	**1,215**	856
Property, plant and equipment	19	**1,191**	1,579
Right of use assets	20	**689**	1,134
Intangible assets	21	**24,294**	21,919
		1,732,482	1,484,049
Assets classified as held for sale	10	**–**	1,387
Total assets		**1,732,482**	1,485,436
Liabilities			
Customer accounts	24	**1,542,889**	1,305,551
Derivative financial liabilities	14	**9,679**	4,543
Unsettled transactions	25	**20,081**	25,782
Other liabilities	25	**8,121**	11,517
Accruals	25	**18,367**	19,364
Lease liabilities	20	**884**	1,281
Deferred tax liability	23	**695**	316
Provisions	26	**236**	79
		1,600,952	1,368,433
Liabilities classified as held for sale	10	**–**	1,045
Total liabilities		**1,600,952**	1,369,478

Consolidated Statement of Financial Position continued

as at 31 December 2023

	Note	As at 31 December 2023 £'000	As at 31 December 2022 (restated[1]) £'000
Equity			
Called up share capital	27	**85**	68,010
Retained earnings	28	**131,478**	40,179
Investment revaluation reserve	29	**111**	96
Foreign currency translation reserve	30	**(144)**	(31)
Equity attributable to owners of the parent		**131,530**	108,254
Non-controlling interests	31	**–**	7,704
Shareholders' funds		**131,530**	115,958
Total liabilities and equity		**1,732,482**	1,485,436

Company registration number - 09659405

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

The notes on pages 146 to 237 form part of these consolidated financial statements.

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

B Trivedi
Group Chief Executive Officer

R Hallett
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

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

The notes on pages 146 to 237 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

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

1 Prior year restatement note is disclosed on Note 34.

The notes on pages 146 to 237 form part of these consolidated financial statements.

Company Statement of Financial Position

as at 31 December 2023

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

Company registration number - 09659405

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

The notes on pages 146 to 237 form part of these Company financial statements.

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

B Trivedi
Group Chief Executive Officer

R Hallett
Group Chief Financial Officer

Company Statement of Changes in Equity

for the year ended 31 December 2023

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

The notes on pages 146 to 237 form part of these financial statements.

Company Statement of Cash Flows

for the year ended 31 December 2023

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

The notes on pages 146 to 237 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2023

1. Statement of Accounting Policies

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

a) General information

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

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

b) Basis of preparation

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

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

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

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

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

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

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

1. Statement of Accounting Policies continued

c) Basis of consolidation

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

d) Going concern

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

Critical to reaching this view were:

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

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

i. Internal stress assessments

In total, three stresses were considered:

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

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

ii. Reverse stress tests

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

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

iii. Conclusion

The Directors are of the view that:

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

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

1. Statement of Accounting Policies continued

e) Interest income and interest expense

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

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

f) Fees and commission income

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

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

  Payment services fees relate to payment services offered by the Group to its clients by executing payment transactions. Revenue from providing services is recognised at a point in time when the services are rendered i.e. when the payments are executed.
- **Pension payment fees:** pension payment fees are charged to pension companies for making payment to pension beneficiaries on their behalf. The Group acts as a principal in rendering these services to its clients. Revenue from providing services is recognised at a point in time when the services are rendered i.e., when the payments are executed.
- **Trade finance income**
  - Financial guarantee income: financial guarantee income includes fixed fees earned by the Group for issuing financial guarantee contracts. The performance obligation of the Group is to provide financial assurance to the recipient of the guarantee in case of payment default. Revenue from providing financial guarantee services is recognised over the period of time across the contract term. The fees for providing financial guarantee services are charged and collected upfront.
  - Income from letters of credit: the Group also receives certain fees in respect of its finance business against the issue of letters of credit where the performance obligations are typically fulfilled towards the end of the client contract. Where it is unlikely that the letter of credit will be exercised, letter of credit fees are recognised in fee and commission income over the life of the facility, rather than as an adjustment to the effective interest rate for loans expected to be drawn. The fees for acceptance of letter of credits include fee are charged and collected upfront. Other charges relating to the services offered including advising fees, confirming bank's fees and bank charges, all of which are collected on the completion of the term of the letter of credit.
- **Electronic platform fees:** these fees include the services provided by the Group using its electronic platform to facilitate bulk payments to its clients. Revenue from providing platform fees services are recognised at a point in time when the services are rendered i.e., when the payments are executed.
- **Risk assessment fees:** risk assessment services include income from enhanced due diligence services provided by the Group under fixed price contracts. Revenue from providing services is recognised over the period of time in the accounting period on the basis of the actual service provided. As the fixed contracts are time-based contracts, revenue is determined based on the time elapsed relative to the total time as per the contract period. The invoicing for the risk assessment services is done on the completion of services or on a quarterly basis in accordance with the contractual terms. No significant element of financing is deemed present as the services provided allow a credit term of 30 days.
- **Introductory commission:** this is commission earned by the Group for introducing a new client to a third party to facilitate cash payment transactions. Revenue is recognised at a point in time when the services are rendered by the third party.

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

g) Net foreign exchange gain

Net FX gain comprises the following:

- **Profit on settlement of FX contracts and remeasurement of non-sterling balances:** these profits arise on FX settlements involving the transfer of client funds to specified recipients. Under the Group's FX and payment services, clients agree to terms and conditions for all transactions at the time of signing a contract with the Group. On trade date the Group measures these transactions at fair value, further changes in fair value are recognised in profit or loss until the settlement of the contract. The remeasurement of non-sterling balances is performed daily via the translation of foreign currency balances at daily spot rates, with changes taken to profit and loss.
- **Fair value gains or losses on derivatives:** this income comprises the profits and losses on remeasurement of forward FX derivatives carried at fair value through profit and loss (FVTPL).
- **FX gain on payment transaction revenue:** a FX gain or loss on payment transactions is the difference between the spot exchange rate between the functional currency and the foreign currency at the date of the payment transaction.

h) Foreign currency

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

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

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

(iii) Effects of FX movements on consolidated statement of cash flows

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

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

1. Statement of Accounting Policies continued

(iv) Group companies

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

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

i) Taxation

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

Current or deferred tax assets or liabilities are not discounted.

Current tax

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

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

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

Deferred tax

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

j) Intangible assets (excluding Goodwill)

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

Core accounting software – 12.5 years;[1]

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

Brand/name – 50 years (acquired).

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

j) Intangible assets (excluding Goodwill) continued

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

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

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

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

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

k) Property, plant and equipment and depreciation

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

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

l) Impairment of non-financial assets and disposal assets held for sale

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

1. Statement of Accounting Policies continued

l) Impairment of non-financial assets and disposal assets held for sale continued

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

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

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

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

m) Cash and cash equivalents

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

n) Goodwill

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

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

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

o) Financial instruments

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

o) Financial instruments continued

(i) Financial assets

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

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

Classification of financial assets

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

1. Statement of Accounting Policies continued

o) Financial instruments continued

(i) Financial assets continued

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

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

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

Derecognition of financial assets

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

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

(ii) Financial liabilities

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

Classification of financial liabilities

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

Financial liabilities at fair value through profit and loss

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

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

o) Financial instruments continued

(iii) Derivative financial instruments

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

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

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

Hedge accounting is not applied.

(iv) Offsetting

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

(v) Equity

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

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

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

Financial guarantee contracts

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

Letters of credit confirmations/bill acceptances

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

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

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

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

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

1. Statement of Accounting Policies continued

o) Financial instruments continued

(vii) Impairment of financial assets

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

o) Financial instruments continued

(vii) Impairment of financial assets continued

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

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

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

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

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

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

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

1. Statement of Accounting Policies continued

o) Financial instruments continued

(vii) Impairment of financial assets continued

Definition of default

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

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

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

Write-off policy

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

Measurement and recognition of ECLs

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

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

o) Financial instruments continued

(vii) Impairment of financial assets continued

Presentation of ECL

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

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

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

p) Employee benefits

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

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

Short-term benefits

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

Pension contributions

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

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

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

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

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

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

The Group has no cash-settled arrangements.

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

1. Statement of Accounting Policies continued

q) Investments in subsidiaries

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

r) Discontinued operations and disposal group held for sale

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

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

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

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

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

s) Provisions and contingent liabilities

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

t) Share capital

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

u) Earnings per share

i. Basic earnings per share

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

ii. Diluted earnings per share

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

1. Statement of Accounting Policies continued

v) Dividends

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

w) Leases (Group as lessee)

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

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

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

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

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

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

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

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

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

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

1. Statement of Accounting Policies continued

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

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

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

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

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

The ISSB issued its first two sustainability reporting standards on 26 June 2023. This included:

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

2.1 Key judgements and estimates in impairment and going concern assessment

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

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

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty continued

2.2 Key judgements and estimates impairment of financial assets

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

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

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

2.3 Key judgements on classification of non-recurring costs

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

– Professional costs incurred in connection with review and implementation of strategic options; and

– Staff bonuses related to listing and to take on commitments.

3. Segment Reporting

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

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

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

- Adjusted EBITDA - EBITDA before non-recurring operating expenses.

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

3. Segment Reporting continued

a) Income

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

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

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

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

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

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

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

3. Segment Reporting continued

b) Profitability

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

4. Net Interest Income

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

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

5. Fees and Commissions Income

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

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

6. Net Foreign Exchange Gain

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

1 Includes only continuing operations. Net FX transactions relating to discontinued operations is included in Note 10.

2 Foreign exchange derivative financial instruments are mandatorily held at fair value through profit or loss. These fair value movements offset the Profit and Losses arising from the remeasurement of non-sterling balances.

7. Other Operating Income/(Loss)

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

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

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

8. Operating Expenses

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

8. Operating Expenses continued

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

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

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

b) Number of employees

The monthly average number of full-time equivalent staff employed within the Group, including Executive Directors, was 310 (2022: 234) and the number of employees at year end was 381 (2022; 254).

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

9. Tax Expense

a) Analysis of tax expense for the year

i. Tax expense

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

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

9. Tax Expense continued

ii. Amounts recognised directly in other comprehensive income

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

b) Factors affecting tax expense for the year

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

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

a) Assets and liabilities classified as held for sale

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

The sale of Crown Agents Investments Managements Limited (CAIM) and JCF Nominees Limited (JCF) was completed on 31 March 2023. As at 31 March 2023, the cash balance with the Group amounts to £1,608k and the Group lost control of assets totalling £1,275k and liabilities totalling £634k. The consideration of £2,133k received on sale included cash and cash equivalents of £2,133k.

b) Results from discontinued operations

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

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

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

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

c) Cash flows from discontinued operations

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

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

d) Assets classified as held for sale

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

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

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

11. Cash and Balances at Central Banks

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

12. Money Market Funds

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

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

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

13. Loans and Advances

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

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

13. Loans and Advances continued

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

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

[1] Prior period restatement note

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

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

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

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

14. Derivative Financial Instruments

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

14. Derivative Financial Instruments continued

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

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

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

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

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

15. Investment in Debt Securities

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

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

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

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

16. Investment in Equity Securities

Investment securities designated at FVTOCI are as follows:

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

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

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

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

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

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

17. Accrued Income

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

18. Unsettled Transactions and Other Assets

i. Other assets

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

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

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

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

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

ii. Unsettled transactions:

	Consolidated	
	2023 £'000	Restated 2022 £'000
Unsettled transactions[3]	**8,417**	16,071

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

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

18. Unsettled Transactions and Other Assets continued

Prior period restatement note

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

Consolidated financial statements as at 31 December 2022:	Other assets £'000	Unsettled transactions £'000
Year ended 31 December 2022 (as previously reported)	19,520	12,960
Prior period adjustment	(3,111)	3,111
Year ended 31 December 2022 (as restated)	**16,409**	**16,071**

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

19. Property, Plant and Equipment

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

1 Includes mobile phones.
2 Includes artwork.

Notes to the Financial Statements continued

for the year ended 31 December 2023

19. Property, Plant and Equipment continued

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

1 Includes mobile phones.
2 Includes artwork.

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

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

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

20. Leases (Group as a Lessee)

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

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

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

There was no dilapidation cost (restoration cost) added to the right of use.

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

20. Leases (Group as a Lessee) continued

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

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

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

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

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

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

a) Right of use assets

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

20. Leases (Group as a Lessee) continued

b) Lease liabilities

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

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

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

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

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

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

c) Impact on the profit and loss

The following are the amounts recognised in profit or loss:

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

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

21. Intangible Assets

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

21. Intangible Assets continued

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

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

The Company had no intangible assets throughout 2023 and 2022.

a) Goodwill

The goodwill relates to the acquisitions:

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

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

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

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

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

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

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

CAB value in use

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

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

i. Discount rate

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

ii. Terminal growth rate

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

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

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

21. Intangible Assets continued

iv. Other impairment indicators

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

22. Investments in Subsidiary Undertakings

Investments in subsidiary undertakings were as follows:

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

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

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

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

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

For further details on subsidiaries refer to Note 33.

Refer to Note 28 for information on dividend payments.

Notes to the Financial Statements continued

for the year ended 31 December 2023

23. Deferred Tax

a) Deferred tax liability

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

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

The deferred tax liability can be further analysed as follows:

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

23. Deferred Tax continued

b) Deferred tax recognised in the year

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

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

c) Unrecognised deferred tax assets and deferred tax liability

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

Company

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

24. Customer Accounts

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

25. Unsettled Transactions, Accruals and Other Liabilities

A. Other liabilities

	Consolidated	
	2023 £'000	2022 £'000
Financial liabilities		
Trade creditors	**2,041**	554
Funds received in advance	**3,327**	4,988
Transactions credited by third party nostro providers[1]	**159**	3,500
Other creditors	**696**	9
	6,223	9,051
Non-financial liabilities		
HM Revenue & Customs	**1,816**	2,413
Deferred income[2]	**82**	53
	1,898	2,466
Total other liabilities	**8,121**	11,517

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

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

B. Unsettled transactions

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

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

C. Accruals

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

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

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

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

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

26. Provisions

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

i. Financial guarantee contracts

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

ii. Letter of credit confirmations / bill acceptances

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

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

iii. Liquidity as a Service – undrawn commitments

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

27. Called up Share Capital

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

Ordinary share balance	2023 '000	2022 '000
As at beginning of year	**68,010**	68,010
Share capital reduction of Class A shares and Class B shares before redesignation (Note 27a)	**(67,936)**	–
Issuance of ordinary shares to former external shareholders of CTH (32,404 at £0.000333 per share) (Note 27e)	**11**	–
Total share capital – at year-end	**85**	68,010

A. Group reorganisation and listing

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

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

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

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

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

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

27. Called up Share Capital continued

A. Group reorganisation and listing continued

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

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

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

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

Accordingly, 254,143,218 ordinary shares are in issue at year end (2022: 68,010,000).

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

B. Merger relief reserve

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

28. Retained Earnings

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

The Company's retained earnings are as follows:

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

28. Retained Earnings continued

Equity classification of C and D shares held by NCI during the year

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

29. Investment Revaluation Reserve

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

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

30. Foreign Currency Translation Reserve

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

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

31. Non-Controlling Interest

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

32. Share Based Payments

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

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

a) Share Based Scheme 1 – Group

Description and vesting

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

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

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

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

32. Share Based Payments continued

a) Share based scheme 1 – Group continued

Valuation and inputs to the model

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

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

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

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

b) Share based scheme 2 – Group

Description and vesting requirements

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

32. Share Based Payments continued

b) Share based scheme 2 – Group continued

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

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

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

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

Valuation and inputs to the models

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

c) Share based scheme 3 – Group

Description and vesting requirements

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

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

	Two-year awards		Three-year awards	
	Holding period	**Non-holding period**	**Holding period**	**Non-holding period**
Share based payments scheme 3	Number of awards			
Outstanding at 1 January 2023	–	–	–	–
Granted during the year	**629,851**	**792,492**	**1,106,713**	**792,480**
Released during the year	–	–	–	–
Cancelled during the year	–	**(34,029)**	–	**(34,029)**
Forfeited during the year	–	–	–	–
Outstanding at 31 December 2023	**629,851**	**758,463**	**1,106,713**	**758,451**
Vested and exercisable at 31 December 2023	–	–	–	–

32. Share Based Payments continued

c) Share based scheme 3 – Group continued

Inputs to the models

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

33. Related Undertakings

i. Principal subsidiaries

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

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

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

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

34. Notes to the Statement of Cash Flows

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

	Consolidated		Company	
	2023 £'000	Restated 2022 £'000	2023 £'000	2022 £'000
Profit/(loss) before taxation				
Continuing operations	**37,617**	43,891	**(4,964)**	(1,913)
Discontinued operations	**(220)**	(75)	**–**	–
Adjusted for non-cash items:				
Effect of currency exchange rate change[1]	**(14,988)**	53,317	**–**	–
Effect of other mark to market revaluations	**(83)**	(15)	**–**	–
Amortisation	**4,607**	4,600	**–**	–
Depreciation				
– Right of use of assets	**445**	322	**–**	–
– Property, plant and equipment	**798**	819	**–**	–
Share based payment charge	**1,359**	837	**–**	–
Loss on write-off of:				
– Property, plant and equipment	**12**	35	**–**	–
– Intangible assets	**284**	–	**–**	–
Profit on disposal of discontinued operations	**(67)**	–	**–**	–
Interest accrued on lease liabilities	**65**	19	**–**	–
Other non-cash expenses	**1,045**	1,606	**–**	–
Dividend received from subsidiary	**–**	–	**(15,560)**	–
Impairment provision on investment in subsidiary undertakings	**–**	–	**–**	1,265
	30,874	105,356	**(20,524)**	(648)
Changes in working capital:				
Net decrease in collections/transmissions	**–**	**–**	**–**	**–**
Net (increase)/decrease in loans and advances to banks other than on demand[1]	**(54,376)**	4,927	**–**	–
Net increase/(decrease) in client accounts[1]	**294,336**	(14,044)	**–**	–
Net decrease/(increase) in investment in debt securities[1]	**41,410**	(324,285)	**–**	–
Net decrease/(increase) in other loans and advances to non-banks[1]	**4,226**	(12,431)	**–**	–
Net decrease/(increase) in unsettled transactions[1]	**1,952**	(5,620)	**–**	–
Net decrease/(increase) in other assets[1]	**4,756**	(7,768)	**11,181**	–
Net (decrease)/increase in other liabilities	**(237)**	9,264	**19,009**	468
Net decrease in accrued income	**470**	325	**–**	–
Net (decrease)/increase in accruals, provisions, and deferred income	**(1,933)**	10,863	**702**	180
Net cash generated/(outflow) from operating activities[1/2]	**321,476**	(233,413)	**10,368**	–

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

34. Notes to the Statement of Cash Flows continued

ii. Non-cash transactions – Consolidated

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

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

iii. Changes in liabilities arising from financing activities

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

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

iv. Restatement of prior year balances

Certain 2022 cash flow balances have been restated as follows:

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

Adjustment 1: see Note 13.

Adjustment 2: see Note 18.

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

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

35. Related Party Transactions

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

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

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

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

(ii) Other loans and advances to non-banks include (2023: nil ; 2022: £2,251k) receivable from Merlin Topco Limited. The balance related to a contractual loan on which interest accrues at a commercial rate. The balance was settled during the year. Merlin Topco Limited is the parent company of Merlin Midco Limited which has direct significant influence over CPH as at 31 December 2023 following changes to the capital structure on 6 July 2023.

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

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

2023	Net foreign exchange gain £'000	Net interest income £'000	Total £'000
Helios Investors Genpar III LP	1	–	1
	1	**–**	**1**

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

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

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

	CTH – Number Of £1 ordinary shares					
2022	A2 shares	A2 share options	Restricted shares (B shares)	Restricted share units (B shares)	C shares	D Shares
Director 1	662,325	–	157,808	–	–	–
Related parties	202,681					
Director 2	43,989	22,929	4,871	544,910	–	–

Notes to the Financial Statements continued

for the year ended 31 December 2023

35. Related Party Transactions continued

e) Directors and key management loans

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

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

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

f) Remuneration of key management personnel (including directors)

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

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

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

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

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

g) Company related party balances

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

i. £19,406k (2022: £1,198k), payable to CAB. The amount relates to the payments made by CAB on behalf of, or recharged to the Company.

ii. £4,239k (2022: £nil), receivable from its subsidiary, CTH. The amount relates to a dividend payment and other intragroup receivables.

iii. The Company holds a bank account with CAB and the balance at year end is £658k (2022: nil).

36. Contingent Liabilities, Commitments and Guarantees

a) Contingent liabilities

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

b) Commitments

i. Capital commitments

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

ii. Other commitments

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

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

The total of the amounts due under the contract are expensed to consolidated statement of profit or loss over the life of the contract in line with the benefits received.

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

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

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

Further commitments are discussed in Note 26.

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk

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

a) Credit risk management

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

b) Exposure to credit risk by instrument

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

Instrument	Description	Note
Cash and balances at central banks	These are balances with the Bank of England, which has AA-credit rating. Balances are available on demand and are located in the UK.	11
Loans and Advances on Demand to Banks	These are nostro bank accounts that the Group holds with other commercial banks in support of client payment flows.	13
Other Loans and Advances to banks	Credit Support Annexes (CSA) Loans represent collateral required from clients through a credit support annexe for initial and variation margin as part of derivative transactions. They are under a collateralised mark to market (CTM) regime. A CTM model requires the out of the money party to post collateral with an amount equal to the cumulative mark to market value, either with the counterparty or with an exchange. Both initial and variation margin are refundable upon settlement of the derivative and is therefore accounted for as collateral. Discounted Letters of Credit are advanced letter of credit payments that the Group pay to counterparties before the completion of the sales and shipping process. The amount that the Group pays out is discounted by a discounted fee (interest rate) and as such, is lower that the principal expected to be received. They are essentially factoring transactions. Trade Finance loans are short-term working capital loans to banks operating in trade finance markets. They assist buyers and sellers to finance their trade commitments on a transactional basis. The Group receives interest payments in return.	13
Other Loans and Advances to non-banks	Liquidity as a Service is a type of overdraft facility where the Group agrees to provide clients with a facility for a set period with specific terms as set out in the Liquidity as a Service agreement. The clients use the liquidity to undertake foreign exchange business with the Group. A flat facility fee is charged for the provision of services. The Group will lend money to clients solely for the purpose of assisting the client with its specific liquidity requirements that arise from settlement timelines in its standard payment flows. The rate charged for the amount lent is the greater of i. a fixed rate (e.g. 9%) or ii. US Federal rate plus a spread (e.g. US Fed rate plus 1%).	13
Unsettled Transactions	Unsettled transactions are unsettled balances resulting from foreign exchange transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The balances are short-term (typically less than four days).	18

37. Credit Risk continued

b) Exposure to credit risk by instrument continued

Instrument	Description	Note
Investment in Debt Securities	Fixed rate bonds (US Treasury bills) are US Treasury bills issued by the US government which offer a fixed rate of interest for a set period of time. Fixed rate bonds (other) are other fixed rate bonds issued by companies or G20 governments which offer a fixed rate of interest for a set period of time. Floating rate notes are investments in debt securities that pay a coupon determined by a reference rate which resets periodically. As such, the interest received is not fixed. Certificates of deposit (CDs) are Investment in debt securities that pay fixed interest for a fixed period of time. Unlike bonds, CDs are usually not tradable in a secondary market.	15
Other assets	Balances with mobile network operators are the payments from Mobile Network Operators (MNOs) that are due to the Group in respect of mobile money accounts. In certain countries in Africa, mobile money accounts are widely used, this service allows users to deposit money into an account stored on their mobile phones and to then send balances using a PIN-secured SMS text message to other users. One of the services that the Group provide is the transfer of funds by clients to beneficiaries via mobile. Typically, a client will deposit funds in the Group's controlled bank account. These funds are then transferred to an account held with a MNO. Clients submit a request for a payment to be made on the Payment Gateway. On receipt of the request, funds are remitted from the account held with the MNOs to the beneficiary with the Group's fee deducted simultaneously. MNOs therefore provide the Group with the equivalent of a bank account. In relation to the Company – Other Asset exposures also include amounts due from Group companies.	18
Accrued income	Accrued income is money owed to the Group for services rendered or provided that have not yet been invoiced. The balance arises from several components such as management fees, pension fee accruals, and other revenues.	17
Off-Balance Sheet Accounts	These are trade finance guarantees, letter of acceptances and confirmation that are contingent liabilities and so require documented levels of performance to be achieved for settlement. Typically, the Group's counterparty is another bank and ordinarily the contract has a maximum tenor of six months. The undrawn portion of Liquidity as a Service facilities. The Liquidity as a Service facilities are repayable on demand as drawing to the agreed limit can be made at the counterparty's instruction then the undrawn portion does attract an ECL amount.	26

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

b) Exposure to credit risk by instrument continued

i. Off-balance sheet exposures

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

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

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

c) Significant increase in credit risk

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

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

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

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

37. Credit Risk continued

d) Incorporation of forward-looking information

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

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

d) Incorporation of forward-looking information continued

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

	2024	2025	2026	2027	2028
United Kingdom GDP growth					
Base scenario	**0.5%**	1.5%	1.9%	1.5%	1.4%
Upside scenario	**4.6%**	3.7%	3.0%	1.8%	1.3%
Mild upside scenario	**3.0%**	2.9%	2.6%	1.7%	1.3%
Stagnation scenario	**(2.0%)**	0.6%	1.6%	1.5%	1.5%
Downside scenario	**(3.1%)**	0.2%	1.4%	1.4%	1.5%
Severe downside scenario	**(5.1%)**	(0.7%)	1.1%	1.3%	1.6%
Americas GDP growth					
Base scenario	**1.1%**	1.6%	2.4%	2.2%	1.8%
Upside scenario	**3.7%**	3.6%	3.7%	3.6%	1.7%
Mild upside scenario	**2.6%**	2.9%	3.3%	2.5%	1.8%
Stagnation scenario	**(0.4%)**	0.9%	1.9%	2.1%	1.9%
Downside scenario	**(1.1%)**	0.5%	1.6%	2.0%	1.9%
Severe downside scenario	**(2.3%)**	(0.3%)	1.0%	1.8%	2.0%
Eurozone GDP growth					
Base scenario	**0.8%**	2.0%	2.1%	1.7%	1.4%
Upside scenario	**4.0%**	4.5%	3.4%	1.9%	1.2%
Mild upside scenario	**2.7%**	3.6%	3.0%	1.8%	1.3%
Stagnation scenario	**(1.2%)**	1.0%	1.7%	1.7%	1.5%
Downside scenario	**(2.1%)**	0.4%	1.4%	1.7%	1.5%
Severe downside scenario	**(3.7%)**	(0.5%)	1.0%	1.6%	1.6%
Asia-Pacific GDP growth					
Base scenario	**3.6%**	3.8%	3.8%	3.7%	3.6%
Upside scenario	**7.0%**	5.9%	5.4%	4.2%	3.5%
Mild upside scenario	**5.6%**	5.1%	4.9%	4.0%	3.5%
Stagnation scenario	**1.6%**	2.9%	3.1%	3.5%	3.7%
Downside scenario	**0.7%**	2.4%	2.8%	3.4%	3.7%
Severe downside scenario	**(0.9%)**	1.6%	2.1%	3.2%	3.8%
Sub-Saharan Africa GDP growth					
Base scenario	**3.1%**	3.4%	3.4%	3.4%	3.2%
Upside scenario	**8.8%**	6.9%	5.7%	3.8%	2.8%
Mild upside scenario	**6.6%**	5.7%	4.9%	3.7%	3.0%
Stagnation scenario	**(0.0%)**	1.9%	2.3%	3.1%	3.4%
Downside scenario	**(1.6%)**	1.1%	1.7%	3.0%	3.6 %
Severe downside scenario	**(4.1%)**	(0.4%)	0.6%	2.9%	3.8 %
Middle East North Africa GDP growth					
Base scenario	**2.6%**	3.0%	2.8%	2.6%	2.5%
Upside scenario	**8.1%**	6.7%	5.1%	3.0%	2.1%
Mild upside scenario	**5.9%**	5.4%	4.3%	2.8%	2.3%
Stagnation scenario	**(0.5%)**	1.5%	1.8%	2.4%	2.7%
Downside scenario	**(2.0%)**	0.6%	1.2%	2.3%	2.9%
Severe downside scenario	**(4.4%)**	(0.9%)	0.1%	2.2%	3.1%

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

37. Credit Risk continued

d) Incorporation of forward-looking information continued

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

	2023	2024	2025	2026	2027
United Kingdom GDP growth					
Base scenario	**(0.9%)**	1.5%	2.7%	2.2%	1.7%
Upside scenario	**3.0%**	3.8%	3.9%	2.6%	1.5%
Mild upside scenario	**1.4%**	3.0%	3.5%	2.5%	1.6%
Stagnation scenario	**(3.5%)**	0.7%	2.5%	2.2%	1.8%
Downside scenario	**(4.6%)**	0.2%	2.3%	2.1%	1.8%
Severe downside scenario	**(6.5%)**	(0.6%)	2.0%	2.1%	1.9%
Americas GDP growth					
Base scenario	**0.0%**	1.3%	2.3%	2.4%	2.2%
Upside scenario	**2.7%**	3.2%	3.7%	2.8%	2.1%
Mild upside scenario	**1.6%**	2.5%	3.2%	2.7%	2.1%
Stagnation scenario	**(1.4%)**	0.5%	1.8%	2.2%	2.2%
Downside scenario	**(2.1%)**	0.1%	1.5%	2.1%	2.3%
Severe downside scenario	**(3.2%)**	(0.7%)	1.0%	2.0%	2.3%
Eurozone GDP growth					
Base scenario	**(0.1%)**	2.1%	2.3%	1.9%	1.6%
Upside scenario	**3.1%**	4.7%	3.6%	2.1%	1.4%
Mild upside scenario	**1.8%**	3.8%	3.2%	2.0%	1.5%
Stagnation scenario	**(2.1%)**	1.1%	1.9%	1.9%	1.6%
Downside scenario	**(3.1%)**	0.6%	1.6%	1.9%	1.7%
Severe downside scenario	**(4.6%)**	(0.4%)	1.2%	1.8%	1.7%
Asia-Pacific GDP growth					
Base scenario	**3.3%**	4.2%	4.9%	4.6%	4.2%
Upside scenario	**6.4%**	6.3%	6.3%	5.0%	4.0%
Mild upside scenario	**5.1%**	5.5%	5.8%	4.8%	4.1%
Stagnation scenario	**1.2%**	3.3%	4.1%	4.3%	4.2%
Downside scenario	**0.3%**	2.9%	3.7%	4.2%	4.3%
Severe downside scenario	**(1.3%)**	2.0%	3.0%	4.0%	4.3%
Sub-Saharan Africa GDP growth					
Base scenario	**2.8%**	3.2%	3.3%	3.4%	3.3%
Upside scenario	**8.1%**	6.7%	5.6%	3.8%	2.8%
Mild upside scenario	**6.0%**	5.4%	4.8%	3.6%	3.0%
Stagnation scenario	**(0.3%)**	1.8%	2.2%	3.2%	3.6%
Downside scenario	**(1.8%)**	0.9%	1.6%	3.1%	3.7%
Severe downside scenario	**(4.2%)**	(0.5%)	0.6%	2.9%	4.0%
Middle East North Africa GDP growth					
Base scenario	**2.1%**	2.9%	2.8%	2.5%	2.4%
Upside scenario	**7.5%**	6.7%	5.2%	2.9%	2.0%
Mild upside scenario	**5.4%**	5.3%	4.4%	2.8%	2.2%
Stagnation scenario	**(1.0%)**	1.2%	1.7%	2.4%	2.7%
Downside scenario	**(2.5%)**	0.3%	1.1%	2.3%	2.8%
Severe downside scenario	**(5.0%)**	(1.3%)	(0.0%)	2.1%	3.0%

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

d) Incorporation of forward-looking information continued

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

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

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

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

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

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

37. Credit Risk continued

e) ECL

ECL is applicable to financial assets classified at amortised cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions, and forecasts of future economic conditions.

The Group applies the general model for measuring ECL which uses a three-stage approach in recognising the expected loss allowance to its financial assets measured at amortised cost. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The key inputs used for measuring ECL are:

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

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

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

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

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

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

i. Probability of Default

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

e) ECL continued

ii. Loss Given Default

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

iii. Exposure at Default

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

f) Groupings based on shared risks characteristics

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

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

g) Impairment of financial assets

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

	Consolidated	
	2023 £'000	**2022 £'000**
Impairment recognised in profit or loss:		
Increase in ECL provision for cash and balances at central banks	–	–
Increase/(decrease) in ECL for loans and advances on demand to banks	21	(1)
(Decrease)/increase in ECL for other loans and advances to banks	(62)	70
Increase in ECL for other loans and advances to non-banks	448	205
Increase in ECL unsettled transaction exposures	–	4
Increase in ECL provision for investment in debt securities	1	11
Increase in ECL for other assets	42	2
(Decrease)/increase in ECL for accrued income	(2)	4
Total impairment recognised in profit or loss for financial assets	**448**	295
Increase in ECL for guarantees	1	31
Increase in ECL for acceptances	3	–
(Decrease)/increase in ECL for confirmations	(6)	8
(Decrease)/increase in ECL for Liquidity as a Service	(43)	271
Total impairment loss/ (recovery) recognised in profit or loss	**404**	342

37. Credit Risk continued

h) Credit quality

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

i. Portfolio grading

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

i. Portfolio grading continued

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

	Consolidated	
Exposure by grade off-balance sheet exposure	**2023 £'000**	**2022 £'000**
Financial guarantees	**1,911**	4,000
Investment grade	–	–
Sub-investment grade	1,911	4,000
Acceptances	**4,228**	15,000
Investment grade	1,482	–
Sub-investment grade	2,746	15,000
Confirmations	**9,173**	23,000
Investment grade	3,680	–
Sub-investment grade	5,493	23,000
Liquidity as a service	**14,884**	4,721
Investment grade	–	–
Sub-investment grade	14,884	4,721
Total off-balance sheet exposure	**30,196**	46,721
Investment grade	5,162	–
Sub-investment grade	25,034	46,721

37. Credit Risk continued

h) Credit quality continued

ii. Breakdown by country/region

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

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

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

ii. Breakdown by country/region continued

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

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

37. Credit Risk continued

h) Credit quality continued

ii. Breakdown by country/region continued

The total off balance sheet exposure is broken down below.

	Consolidated	
Off-balance sheet exposures by region	2023 £'000	2022 £'000
Financial guarantees	**1,911**	4,000
Africa	1,589	4,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	87	–
Americas	235	–
Acceptances	**4,228**	15,000
Africa	2,746	15,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	–	–
Americas	1,482	–
Confirmations	**9,173**	23,000
Africa	5,494	23,000
Europe	–	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	–	–
Americas	3,680	–
Liquidity as a service	**14,884**	4,721
Africa	544	4,721
Europe	1,875	–
Far East	–	–
Middle East	–	–
Other	–	–
UK	12,465	–
Americas	–	–
Total off-balance sheet exposure	**30,196**	46,721
Total exposure	**1,214,038**	1,278,044

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

iii. Breakdown by maturity

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

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

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

37. Credit Risk continued

h) Credit quality continued

iii. Breakdown by maturity continued

The total off balance sheet exposure is broken down below.

	Consolidated	
Exposure by maturity **Off-balance sheet exposures**	**2023** **£'000**	**2022** **£'000**
Financial guarantees	**1,911**	4,000
3 months or less	1,911	4,000
More than 3 months	–	–
Acceptances	**4,228**	15,000
3 months or less	4,228	15,000
More than 3 months	–	–
Confirmations	**9,173**	23,000
3 months or less	9,173	23,000
More than 3 months	–	–
Liquidity as a service	**14,884**	4,721
3 months or less	14,884	4,721
More than 3 months	–	–
Total off-balance sheet exposure	**30,196**	46,721
Total exposure	**1,214,036**	1,278,044

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

iv. Loss allowance

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

	Consolidated	
On-balance sheet exposure	2023 £'000	Restated 2022 £'000
Cash and balances at central banks		
Gross carrying amount	528,396	607,358
Loss allowance	–	–
Carrying amount after loss allowance	**528,396**	607,358
Loans and advances on demand to banks		
Gross carrying amount	135,203	91,470
Loss allowance	(25)	(4)
Carrying amount after loss allowance	**135,178**	91,466
Other loans and advances to banks[1]		
Gross carrying amount	137,597	84,494
Loss allowance	(27)	(63)
Carrying amount after loss allowance	**137,570**	84,431
Other loans and advances to non-banks[1]		
Gross carrying amount	8,712	12,455
Loss allowance	(496)	(230
Carrying amount after loss allowance	**8,216**	12,224
Unsettled transactions[2]		
Gross carrying amount	8,417	16,988
Loss allowance	–	(2)
Carrying amount after loss allowance	**8,417**	16,985
Investment in debt securities		
Gross carrying amount	353,042	414,074
Loss allowance	(14)	(13)
Carrying amount after loss allowance	**353,028**	414,061
Other assets[2]		
Gross carrying amount	11,257	4,056
Loss allowance	(57)	(60)
Carrying amount after loss allowance	**11,200**	3,996
Accrued income		
Gross carrying amount	1,218	429
Loss allowance	(3)	(5)
Carrying amount after loss allowance	**1,215**	424
Total on-balance sheet gross carrying amount	**1,183,842**	1,231,323
Total loss allowance	**(621)**	(377)
Total on-balance carrying amount after loss allowance	**1,183,221**	1,230,946

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

37. Credit Risk continued

h) Credit quality continued

iv. Loss allowance continued

The off-balance sheet exposure is broken down below.

	Consolidated	
Off-balance sheet exposure	**2023 £'000**	**2022 £'000**
Financial guarantees contracts		
Gross carrying amount	1,912	4,000
Loss allowance	(2)	(1)
Carrying amount after loss allowance	**1,910**	3,999
Acceptances		
Gross carrying amount	4,228	15,000
Loss allowance	(3)	(1)
Carrying amount after loss allowance	**4,225**	14,999
Confirmations		
Gross carrying amount	9,173	23,000
Loss allowance	(3)	(6)
Carrying amount after loss allowance	**9,170**	22,994
Liquidity as a service		
Gross carrying amount	14,884	4,721
Loss allowance	(228)	(72)
Carrying amount after loss allowance	**14,656**	4,649
Total off-balance sheet exposure	**30,196**	46,721
Total loss allowance	**(236)**	(79)
Total off-balance sheet exposure after loss allowance	**29,960**	46,642
Total exposure	**1,214,038**	1,278,044
Total loss allowance	**(857)**	(456)
Total exposure after loss allowance	**1,213,181**	1,277,588

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

v. Breakdown as a function of staging

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

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

37. Credit Risk continued

h) Credit quality continued

v. Breakdown as a function of staging continued

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

Year ECL Off-balance sheet items	2023 £'000			2022 £'000		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Financial guarantees	**2**	**–**	**–**	1	–	–
Investment grade	–	–	–	–	–	–
Sub-investment grade	2	–	–	1	–	–
Acceptances	**3**	**–**	**–**	1	–	–
Investment grade	–	–	–	–	–	–
Sub-investment grade	3	–	–	1	–	–
Confirmation	**3**	**–**	**–**	6	–	–
Investment grade	–	–	–	–	–	–
Sub-investment grade	3	–	–	6	–	–
Liquidity as a service	**7**	**221**	**–**	72	–	–
Investment grade	–	–	–	–	–	–
Sub-investment grade	7	221	–	72	–	–
Total off-balance sheet ECL	**15**	**221**	**–**	79	–	–
Total off-balance sheet ECL	**–**	**236**	**–**	–	–	–
Total ECL per stage	**137**	**672**	**48**	455	1	–
Total ECL		**857**			456	

Notes to the Financial Statements continued

for the year ended 31 December 2023

37. Credit Risk continued

h) Credit quality continued

v. Breakdown as a function of staging continued

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

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

vi. Coverage ratios table

The tables below analyse the coverage ratio.

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

37. Credit Risk continued

h) Credit quality continued

vii. Movement in loss allowances across the stages

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

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

38. Liquidity Risk

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

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

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

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38. Liquidity Risk continued

	Consolidated					
Liabilities 2023	**Less than 3 months £'000**	**3 months – 1 year £'000**	**1 year – 2 years £'000**	**2 years – 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Non-derivative liabilities						
Customer accounts	**1,457,254**	**83,136**	**6,051**	**–**	**–**	**1,546,441**
Unsettled transactions	**20,081**	**–**	**–**	**–**	**–**	**20,081**
Other liabilities	**6,223**	**–**	**–**	**–**	**–**	**6,223**
Accruals	**18,367**	**–**	**–**	**–**	**–**	**18,367**
Lease liabilities	**134**	**238**	**181**	**331**	**–**	**884**
	1,502,059	**83,408**	**6,232**	**331**	**–**	**1,591,996**
Derivative liabilities						
Derivative financial instruments	**9,645**	**34**	**–**	**–**	**–**	**9,679**

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

38. Liquidity Risk continued

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

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

a) Company financial assets and liabilities

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

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

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

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

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

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

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39. Currency Risk

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

At 31 December, these financial instruments were as follows:

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

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

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

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

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

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

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

Therefore, the Company is not subjected to currency risk.

40. Interest Rate Risk

a) Interest rate sensitivity

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

b) Interest rate repricing

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

1 Excludes non-financial assets such as corporation tax refund and VAT refund.

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

1 Includes financial liabilities and lease liabilities.

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40. Interest Rate Risk continued

b) Interest rate repricing continued

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

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

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

1 Includes financial liabilities and lease liabilities.

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

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

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

41. Capital Management

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

a) Capital risk management

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

b) Externally imposed capital requirements

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

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

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

The Group and its regulated trading subsidiary calculate those capital requirements on a daily basis and, using a traffic light warning system based on an internal buffer, reports to the Assets and Liabilities Committee, or, should the need arise, the Board. The Group's capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group's risk profile, regulatory and business needs. Capital forecasts are continually monitored against relevant internal target capital ratios to ensure they remain appropriate and consider risks to the plan including possible future regulatory changes.

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

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

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

c) Capital management in relation to the Company

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

The capital structure of the Company consists of equity (called-up share capital, merger relief reserve and retained earnings as disclosed in Notes 27 and 29).

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42. Classification of Financial Instruments

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

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

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

Financial liabilities	Consolidated As at 31 December 2023 £'000	Consolidated As at 31 December 2022 £'000
Mandatorily measured at fair value through profit or loss		
Derivative financial instruments – FX related contracts	**9,679**	4,543
	9,679	4,543
Measured at amortised cost		
Client accounts	**1,542,889**	1,305,551
Unsettled transactions	**20,081**	25,782
Other liabilities (excluding non-financial liabilities)	**6,223**	9,051
Lease liabilities	**884**	1,281
Accruals	**18,367**	19,364
	1,588,444	1,361,029

42. Classification of Financial Instruments continued

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

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

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

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

The Company had no financial assets valued at FVTPL as at 31 December 2023 and 31 December 2022.

43. Fair Value Measurements

a) Fair value methodology

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

b) Fair value hierarchy

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

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

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43. Fair Value Measurements continued

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

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

43. Fair Value Measurements continued

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

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

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

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

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

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

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

f) Impairment and risk exposure

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

g) Financial liabilities measured at amortised cost

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

h) Financial liabilities measured at fair value

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

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

	Consolidated		
Asset/(liability) type – 2022	**Level 2 £'000**	**Stress**	**Sensitivity £'000**
Financial assets at fair value			
– Money market funds	209,486	1% increase in interest rates	(107)
– Derivative financial assets	6,567	£ exchange-rate rise of 1%	(3,098)
– Investment in equity securities	488	Equity price +5%	24
Financial liabilities at fair value			
– Derivative financial liabilities	(4,543)	£ exchange-rate rise of 1%	(1,093)
	211,998		(4,274)

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

Notes to the Financial Statements continued

for the year ended 31 December 2023

43. Fair Value Measurements continued

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

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

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

44. Earnings Per Share

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

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

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

1 These shares are assumed to have been issued retrospectively and at the beginning of the periods presented as there was no change in resources on issuance thereof in line with IAS 33.28.

2 These shares were issued during the year (July 2023) to former external shareholders of CTH and have been weighted accordingly.

3 For comparability and consistent presentation, the weighted average number of ordinary shares for 2022 was determined on the same basis as the 2023 numbers except for the shares issued to minority shareholders of CTH which resulted in a change of resources.

44. Earnings Per Share continued

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

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

45. Consideration of Climate Change

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

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

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

46. Events after the reporting period

A. London Bridge lease

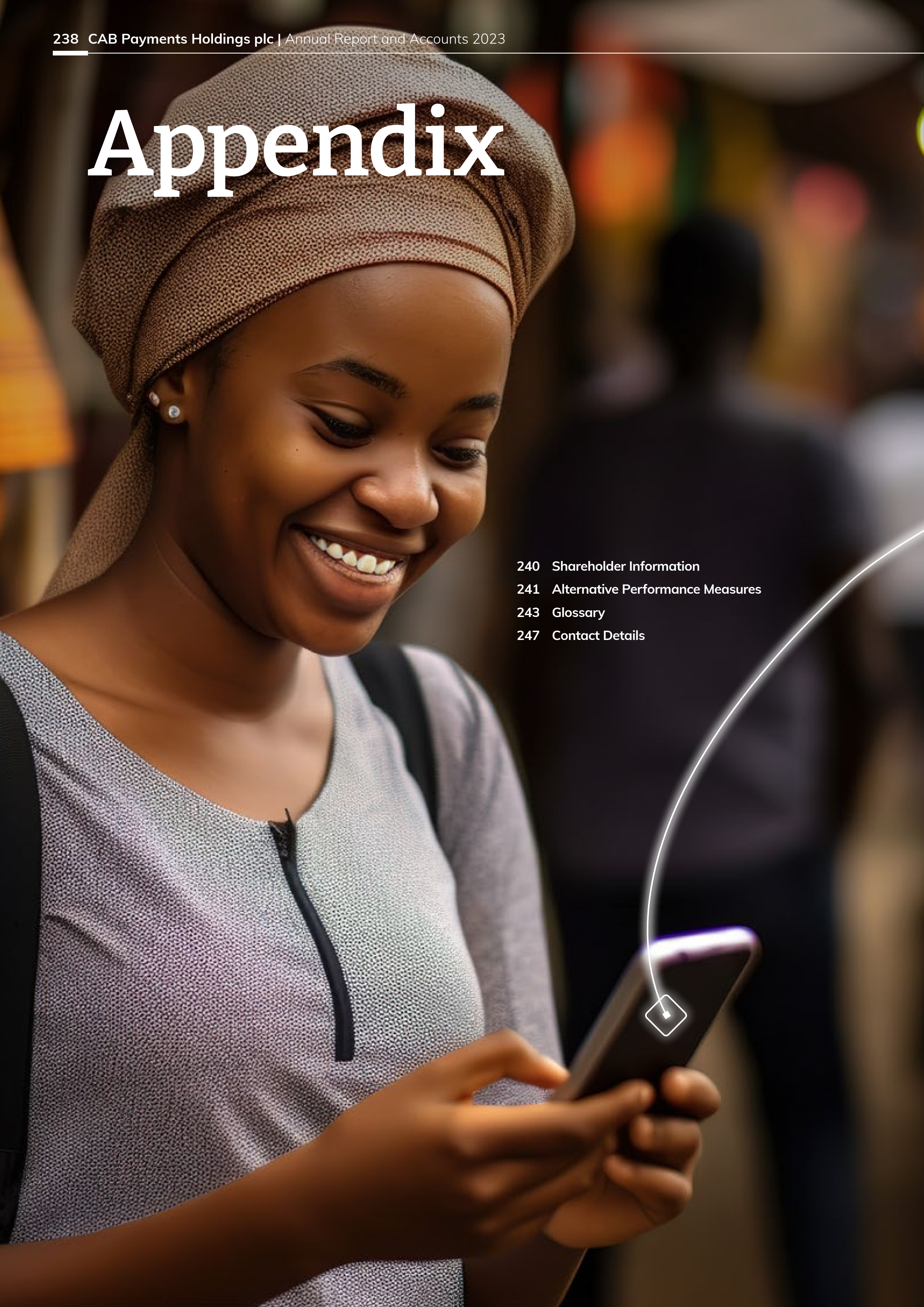
The Group completed on a lease agreement for office space at 3 London Bridge, SE1 9SG, London on 25 January 2024. Right of use of asset balance and a lease liability balance will be recognised on the consolidated statement of financial position 2024 and interest expense and depreciation will be recognised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

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

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

47. Board Approval

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



Appendix

Shareholder Information

Financial Calendar 2024

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

Ordinary Shares

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

AGM

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

Company's Registrar

Enquiries concerning shareholdings, change of address or other particulars should be directed in the first instance to the Company's registrar, Equiniti, on +44 (0)371 384 2030. Equiniti also provides a range of online shareholder information services at www.shareview.co.uk, where shareholders can check their holdings and find practical help on transferring shares or updating their details.

Shareholder Security

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

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

Alternative Performance Measures (APMs)

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

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

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

Alternative Performance Measures (APMs) continued

APM	How the metric is used	Calculation definition	Calculation
Alternative Interest Income	Group measures and monitors net interest income by its underlying commercial driver, which enables evaluation of performance with consideration of return on capital deployed and product profitability.	Interest income and expense is captured by source into the general ledger, with interest expense subsequently spread across product type through an internal transfer pricing mechanism.	See table 3

Table 1

Adjusted EBITDA margin	Reference		2023 £'000	2022 £'000
Adjusted EBITDA	Note 3 (ii)	A	64,633	54,983
Gross income (defined as total income, net of interest expense)	Consolidated statement of profit or loss	B	137,068	109,435
Adjusted EBITDA margin		A / B	47%	50%

Table 2

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

Table 3

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

Glossary

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

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

Active Client	A client that has generated income within the last twelve months
Addressable Market	The market addressable by the Group, comprising primarily developed to emerging markets flows, excluding non-LCU flows and non-focus geographies
Admission	The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange on 11 July 2023
AML/CTF laws	Laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and adherence to anti-money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries
APAC	Asia Pacific Region
API	The Group's EMpower FX application programming interface
APM	Alternative Performance Measures as defined on pages 241 to 242
B2B	Business to Business
Banking Services	One of the Group's three business lines
BEIS	Department for Business, Energy & Industrial Strategy
BN	A billion, ie 1,000 million
BRICS	BRICS is an intergovernmental organisation comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and the United Arab Emirates.
CAB	Crown Agents Bank Limited, a regulated subsidiary of the Group
CAGR	Compound Annual Growth Rate
CAIM	Crown Agents Investment Management Limited a wholly owned subsidiary of the Company until it was sold on 31 March 2023
CAPEX	Expenditures made for goods or services that are recorded on a company's balance sheet
CBS	Core Banking System, the Group's banking software
CCY	Currency
CD	Certificate of deposits
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CHIPS	Clearing House Interbank Payments System
CRD IV	Capital Requirements Directive IV
CRR	the Capital Requirements Regulation (Regulation (EU) 575/2013)
CTO	Chief Technology Officer
Currency corridor	Specific combinations of sending currency and receiving currency pairs, or, in some cases, country combinations
DEFRA	Department for Environment, Food & Rural Affairs
EAD	Exposure at default
EBT	Employee benefit trust
ECL	Expected Credit Loss
EIR	Effective interest rate
EMFI	Emerging Market Financial Institutions
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance

Glossary continued

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

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

Glossary continued

Currency abbreviations

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

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