



DEVELOPMENT BANK OF SEYCHELLES

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Please address all correspondence to Chief Executive Officer

<p>DIRECTORS REPORT AND FINANCIAL STATEMENTS</p> <p>FOR THE YEAR ENDED 31 DECEMBER 2022</p>

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DEVELOPMENT BANK OF SEYCHELLES
DIRECTOR'S REPORT

The directors have pleasure in submitting their report on the financial statements of Development Bank of Seychelles (the "Bank" or "DBS") for the year ended 31 December 2022.

Principal activities

The principal activities of the Bank are:

- to establish, maintain, develop or re-organise or to assist in or promote the establishment, maintenance, development or reorganisation of any industry; to establish, maintain or develop;
- or to assist in or promote the establishment, maintenance or development of, money or capital markets in the Seychelles; and
- to co-operate with other institutions and organisations, whether public or private, national or international, which wish to further any of the purposes referred to in section (4) of the Development Bank of Seychelles Decree 1977.

There has been no change in the nature of this activity for the financial year under review.

Results for the year

SCR

Profit for the year	14,869,587
Dividend paid during the year	-
Retained earnings brought forward	265,630,959
Retained earnings carried forward	280,500,546

Dividends

The Bank did not declare any dividend for the year 2022 (2021: Nil).

Property and equipment, and investment property

Additions to property and equipment during the year amounted to SCR 766,944 comprised of purchase of office equipment, furniture fittings, and other assets.

Property and equipment, and investment properties are stated at revalued value or historical cost less accumulated depreciation. The Directors are of the opinion that the carrying amount of the assets approximate their fair value and do not require any adjustments for impairment.

Statement of Directors' Responsibilities

The Board of Directors is responsible for the overall management and affairs of the Bank including its operations and the making of financing and investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Financial Institutions Act 2004, as amended, the Regulations and Directives of the Central Bank of Seychelles, and the Development Bank of Seychelles Decree 1977. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Board of Directors have the general responsibility of safeguarding the assets, both owned by the Bank and those that are held in trust and used by the Bank.

The Board takes note that prior to declaration of dividends, authority should be sought from the Central Bank under section 31.

The Board considers that they have met their aforesaid responsibilities.

DEVELOPMENT BANK OF SEYCHELLES
DIRECTOR'S REPORT

Directors and their interest in the Bank

The Directors of the bank during the year and their interests were as follows:-

Norman Weber	:	Chairperson
Dick Labonte	:	Vice-Chairperson
Jean Preira	:	Director
David Jean-Baptiste	:	Director
Darrel Uranie	:	Director
Philippa Samson	:	Director
Rupert Simeon	:	Director
Ashwin Bhanderi	:	Director

All directors of the Bank are citizens of Seychelles.

No directors held any interest, directly or indirectly in the equity of the Bank.

No contract of significance subsisted with the Bank at any time during the year in which the directors had directly or indirectly, a material interest.

Auditors

The retiring auditors are Pool & Patel who are eligible for re-appointment.

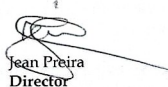
Board Approval



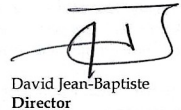
Norman Weber
Chairperson



Dick Labonte
Vice-Chairperson



Jean Preira
Director



David Jean-Baptiste
Director



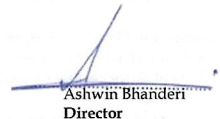
Rupert Simeon
Director



Darrel Uranie
Director



Philippa Samson
Director



Ashwin Bhanderi
Director

Date: 24 March 2023

TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES
Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of “Development Bank of Seychelles” set out on pages 6 to 44, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and a five-year financial summary.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the, financial reporting provisions of International Financial Reporting Standards “IFRS’s”, Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

➤ *Impairment allowance for loans and advances:*

Our audit considered impairment allowance for loans and advances as a key audit matter. The materiality of the reported amounts for financial assets (and impairment allowance thereof), the subjectivity associated with Management’s impairment estimation underpinned our basis for considering it as a key audit matter.

The estimation of impairment allowance for financial assets involved complex manual calculations. Significant estimates and assumptions used by the Management in such calculations are disclosed in Notes 04.

To assess the reasonableness of the impairment allowance, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, included the following:

TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES
Report on the audit of the financial statements (cont...)

Key audit matters (cont...)

- We evaluated design effectiveness of controls over estimation of impairment of financial assets, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and Management.
- We test-checked the underlying calculations and data.
- We assessed the completeness of the underlying information in financial assets used in the impairment calculations by agreeing details to the Bank's source documents and information in the information technology system (IT).
- We assessed Management's key assumptions, such as: definition of default, probability of default ("PD"), significant increases in credit risk and the staging applied by Management.
- We assessed the adequacy of the related financial statement disclosures as set out in Note 06.

Responsibilities of Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles, and for such internal control as the management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES
Report on the audit of the financial statements (cont...)

Auditor's responsibilities for the audit of the financial statements (cont...)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal regulatory requirements

Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles

The Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles requires that in carrying out our audit, we consider and report to you the following matters. We confirm that,

- in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.
- the explanations or information called for or given to us by management and employees of the Bank were satisfactory.
- the Bank did not carry out any fiduciary duties during the year under review.

ACCA membership number of the engagement partner responsible for signing this independent auditors' report is 2673981.

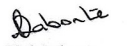

POOL & PATEL
CHARTERED ACCOUNTANTS
Date : 24 March 2023



DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022
 Financial statements are prepared in Seychelles Rupees

	Note	2022	2021
Assets			
Cash and cash equivalent	5	182,780,113	53,056,926
Loans and advances	6	730,481,513	787,504,042
Maturity investments	7	-	7,334,750
Other assets	8	18,573,659	18,435,765
Property and equipment	9	25,010,065	26,279,864
Investment property	10	11,355,610	11,355,610
Intangible assets	11	158,845	250,046
Right to use asset	12	611,901	1,821,479
Total assets		968,971,706	906,038,482
Liabilities			
Borrowings	13	304,883,625	409,419,155
DBS bonds	14	241,805,985	100,702,052
Lease liability	15	678,112	1,912,003
Funds under management	16	4,908,707	4,438,655
Other liabilities	17	20,335,774	9,146,780
Compensation benefit obligations	18	8,018,955	6,948,876
Total liabilities		580,631,158	532,567,521
Equity			
Share capital	19	39,200,000	39,200,000
Contingent reserve	20	41,385,321	41,385,321
Revaluation reserve		27,254,681	27,254,681
Retained earnings		280,500,546	265,630,959
Total equity		388,340,548	373,470,961
Total liabilities and equity		968,971,706	906,038,482

The notes on pages 10 to 44 are an integral part of these financial statements.


 Norman Weber
 Chairperson


 Dick Labonte
 Vice-Chairperson

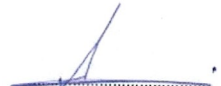

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 Director


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 Director


 Darrel Uranie
 Director


 Philippa Samson
 Director


 Ashwin Bhandari
 Director

Date: 24 March 2023

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2022
Financial statements are prepared in Seychelles Rupees

	Note	2022	2021
Interest income	21	76,949,680	85,546,333
Interest expense	22	(21,139,078)	(23,812,819)
Net interest income		55,810,602	61,733,514
Other income	23	6,969,984	6,860,273
Net foreign exchange loss		(523,555)	(7,070,774)
		62,257,031	61,523,013
Non-interest expense			
Employee benefit expenses	24	(22,327,470)	(20,146,668)
Depreciation		(2,035,112)	(2,028,407)
Amortisation		(91,201)	(30,231)
Administrative expenses	25	(9,014,238)	(8,599,975)
Amortisation of right to use assets		(1,209,578)	(1,214,351)
Interest cost on lease liability		(149,774)	(237,524)
Total operating expenses		(34,827,373)	(32,257,156)
Profit from operations		27,429,658	29,265,857
Provision for credit impairment		(12,560,071)	(20,551,986)
Profit from continuing operations		14,869,587	8,713,871
Other comprehensive income			
Revaluation of land and building		-	2,257,411
Adjustments to revaluations		-	592,224
Total other comprehensive income for the year		-	2,849,635
Total comprehensive income for the year		14,869,587	11,563,506

The notes on pages 10 to 44 are an integral part of these financial statements.

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2022
Financial statements are prepared in Seychelles Rupees

	Share capital	Contingent reserve	Revaluation reserve	Retained earnings	Total
Balance at 31 December 2021	39,200,000	41,385,321	24,405,046	256,917,088	361,907,455
Profit for the year	-	-	-	8,713,871	8,713,871
Revaluation surplus	-	-	2,257,411	-	2,257,411
Adjustments to revaluations	-	-	592,224	-	592,224
Dividend paid during the year	-	-	-	-	-
Balance at 31 December 2021	39,200,000	41,385,321	27,254,681	265,630,959	373,470,961
Profit for the year	-	-	-	14,869,587	14,869,587
Dividend paid during the year	-	-	-	-	-
Balance at 31 December 2022	39,200,000	41,385,321	27,254,681	280,500,546	388,340,548

The notes on pages 10 to 44 are an integral part of these financial statements.

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2022
Financial statements are prepared in Seychelles Rupees

	2022	2021
Operating activities		
Profit for the year	14,869,587	8,713,871
<i>Adjustments for:</i>		
Depreciation and amortisation	3,335,891	3,272,989
Loss on disposal of equipment	1,002	-
Allowance for credit impairment	12,560,071	20,551,986
Provision for benefit obligations	2,441,167	2,630,996
Net interest on financial instruments	21,139,078	23,812,819
Net foreign exchange difference in cash and cash equivalent	572,204	9,852,549
Interest cost on lease liability	149,774	237,524
Operating profit before working capital changes	55,068,774	69,072,734
Changes in working capital		
Decrease in loans and advances	44,462,458	26,111,570
Increase in other assets	(137,894)	(19,018,232)
Increase/(Decrease) in funds under management	470,052	(2,243,601)
Increase/(Decrease) in other liabilities	4,949,229	(32,481)
Net cash generated from operations	104,812,619	73,889,990
Compensations paid	(1,371,088)	(3,654,485)
Net cash inflow from operating activities	103,441,531	70,235,505
Investing activities		
Purchase of intangible assets	-	(234,526)
Purchase of equipment	(766,944)	(99,979)
Subsequent payments made for building refurbishment	-	(1,891,195)
Proceeds from sale of equipment	629	-
Investment in financial assets at amortised costs	(85,012)	(7,662,539)
Proceeds from redemption of financial assets at amortised costs	7,419,762	15,441,261
Net cash inflow from investing activities	6,568,435	5,553,022
Financing activities		
Proceeds from borrowings	18,881,200	130,000,000
Interest paid	(21,574,885)	(24,660,272)
Repayment of borrowings	(116,866,586)	(139,170,446)
Proceeds from bonds issued	191,229,361	-
Bonds redeemed	(50,000,000)	(50,000,000)
Payment of lease rentals	(1,383,665)	(1,383,765)
Dividend paid	-	-
Net cash inflow/(outflow) from financing activities	20,285,425	(85,214,483)
Net change in cash and cash equivalents	130,295,391	(9,425,956)
Movement in cash and cash equivalents		
As at 1 January	53,056,926	72,335,431
Net increase/(decrease) in cash and cash equivalent	130,295,391	(9,425,956)
Net foreign exchange difference	(572,204)	(9,852,549)
At 31 December	182,780,113	53,056,926

The notes on pages 10 to 44 are an integral part of these financial statements.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

1 General information

The Development Bank of Seychelles established in 1977 under the Development Bank of Seychelles Decree as a corporate body. The principal activities of the bank are as stated on page 1 of the Directors' Report. The principal place of business is situated at the Independence Avenue, Victoria, Mahe, Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of the Shareholders of the Bank.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS). Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the bank's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. (Critical accounting estimates and judgements.) The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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.

New standards, amendments and interpretation adopted by the bank

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the Bank for the first time with effect from financial year beginning on 1 January 2022. The amendments have no impact on the Bank's financial statements:

- Annual improvements to IFRS standards 2018-2020

Simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent.

Clarifies that for the purpose of performing the '10 per cent test' for derecognition of financial liabilities under IFRS 9.

Removes the illustration of payments from the lessor relating to leasehold improvements under IFRS 16.

Removes the requirement to exclude cash flows for taxation when measuring fair values pertaining to biological assets under IAS 41.

- Covid-19-related rent concessions beyond 30 June 2021 (amendment to IFRS 16)

Provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

- Onerous contracts- cost of fulfilling a contract (amendments to IAS 37)

Clarifies that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

- Property, plant and equipment: proceeds before intended use (amendments to IAS 16)

Prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- Reference to the conceptual framework (amendments to IFRS 3)

Replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.1 Basis of preparation (cont...)

New standards and amendments issued but not yet effective

- IFRS 17 insurance contracts and relevant amendment thereof
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2)
- Definition of accounting estimate (amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)
- Lease liability in a sale and leaseback (amendments to IFRS 16)
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.1 Comparative information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

2.2 Financial instruments

Classification and measurement of financial assets and financial liabilities

Financial assets are classified into one of the categories discussed below.

- measured at amortised cost,
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where host is a financial asset in the scope of the standard, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect the contractual cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model.

Solely payments of principal and interest test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through Statement of Profit and Loss.

The Bank reclassifies its financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period under review.

The Bank holds loans and advances, maturity investments and other short term investments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding and are categorised at amortised cost.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.2 Financial instruments/Classification and measurement of financial assets and financial liabilities (cont...)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 profit on the principal amount outstanding.

Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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 profit on the principal amount outstanding.

The financial statement do not include any FVOCI investments.

Equity investments

Investments in equity instruments are always measured at fair value.

For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss. If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in OCI. There is no recycling of amounts from OCI to profit and loss (for example, on sale of an equity investment), nor are there any impairment requirements. However, the entity might transfer the cumulative gain or loss within equity. All the equity instrument for which the irrevocable option is not made are measured at fair value through profit or loss.

The financial statement do not include any equity investments

Other

All other financial assets are classified as financial assets measured at FVTPL.

Impairment of financial assets

The impairment is calculated with a forward-looking "Expected Credit Loss" (ECL) model and the model applies to financial assets that are not measured at FVTPL, including financing contracts, certain loan commitments and financial guarantee contracts and all other debt securities. ECL does not apply to equity investments which need to be measured at fair value.

Determining the stage of impairment

Under ECL model the Bank uses a dual measurement approach, under which the loss allowance is measured as either 12-month ECL or lifetime ECL. The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition.

The Bank applies three-stage approach to measuring ECL on financing contracts and other financial assets measured at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.2 Financial instruments/ Impairment of financial assets (cont...)

Stage 2: Lifetime ECL - not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as collective or individual basis and financing revenue is calculated by applying effective profit rate to the amortised cost (net of provision) rather than the gross carrying amount.

When determining whether credit risk on a financial asset has increased significantly since the initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit risk assessment, including forward-looking information.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is equal or more than 30 days past due. Where there is a significant increase in credit risk the Bank uses lifetime ECL model to assess loss allowances instead of 12-month ECL model.

The Bank considers that a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

Calculation of expected credit loss

Loans and advances

ECL is calculated using three main components: i.e., a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from internally developed statistical models combined with historical, current and forward-looking customer and macro-economic data.

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

The ECL is determined by projecting the PD, EAD and LGD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

DEVELOPMENT BANK OF SEYCHELLES

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Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.2 Financial instruments/ Impairment of financial assets (cont...)

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band and supported by historical analysis.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- The 12-months ECL is equal to the discounted sum over the next 12-months of monthly PD multiply by LGD and EAD.
- Lifetime ECL is calculated using the discounted sum of monthly PD over the full remaining life multiply by LGD and EAD.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Incorporation of forward-looking information

The Bank has established procedures to consider a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general sector / industry adjustments and any related specific sector/ industry adjustments that support the calculation of ECLs. Macro-economic factors taken into consideration include but not limited to unemployment, interest rates, gross domestic product, inflation and commercial property prices and require an evaluation of both the current and forecast direction of the macro-economic cycle. Incorporating forward-looking information increases the degree of judgement required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Modifications of financial assets

The Bank sometimes renegotiates or otherwise the contractual cash flow of financing contracts. When this happens, the Bank assesses whether or not the terms are substantially different to the original terms, amongst others.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the Statement of Profit or Loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

The Bank observes a minimum probationary period of six months to confirm if the risk of default has decreased significantly before upgrading exposures within stages, i.e. from stage 3 to stage 2 or stage 2 to stage 1.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2 Significant accounting policies (cont...)

2.2 Financial instruments/ Impairment of financial assets (cont...)

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Financial assets measured at amortised cost other than loans and advances

The model of ECL applies to other financial assets measured at amortised cost as well. The Bank had not calculated any ECL on other financial assets measured at amortised cost, due to no loss events noted in the past periods as well as based on available information, there is unlikely to have any loss due to default, therefore impairment loss for other financial assets measured at amortised cost has been estimated to be nil.

Write-off

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial in its entirety or a portion thereof. The Bank has a policy of writing off the gross carrying amount when the financial asset is 365 days of being classified as loss. The Bank expects no significant recovery from the amount written off but however, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank procedures for recovery of amounts due.

Financial liabilities

Financial liabilities issued by the Bank that are not designated at FVTPL are classified as financial liabilities at amortised cost and are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Derecognition of financial assets other than on modification

The Bank derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legal enforceable right to set off the recognised amounts and the Bank intends either to settle on a net basis, or to realise the asset and liability simultaneously.

Hedge accounting

The Bank has not applied any hedge accounting for the reporting periods covered under this financial statements.

Principal financial instruments

Financial assets and liabilities are recognised on the Bank's Statement of Financial Position when they have become a party to the contractual provisions of the instruments. The Bank's accounting policies in respect of the main financial instruments are set out below.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.2 Financial Instruments (cont...)

Cash and cash equivalents and placements

Cash and cash equivalents comprise cash in hand and highly liquid financial assets that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents include cash in hand, deposits held at call with Bank's and other short-term highly liquid investments with original maturities of 3 months or less.

Loans and advances

Loans and advances are recognised when cash is advanced to the borrowers at fair value inclusive of transaction costs.

Loans and advances to customers are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate.

The effective interest rate (EIR) method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The EIR amortisation is included in interest income in the statement of profit or loss as well as losses arising from impairment.

Guarantees and other obligations on account of customers

Financial guarantee contracts are contracts that require 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. Such financial guarantees are given to Bank's, financial institutions and others on behalf of customers to secure loans, overdrafts and other Banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of

- The amount of the expected credit loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount net of the loss allowance. The Bank has not provided any commitment for loans to be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Maturity Investments

Maturity investments are initially recognised at fair value plus directly attributable costs and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and any gain and losses on derecognition are recognised in the Statement of Profit or Loss.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.2 Financial Instruments (cont...)

Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

The following table shows the measurement categories of financial instruments which are measured in amortised cost along with their carrying amounts as at 31 December 2022.

	Measurement category	In Seychelles Rupees (SCR '000)			
		Gross Amount	ECL	Carrying amount 31-12-2022	Carrying amount 31-12-2021
Financial assets					
Cash and cash equivalents	Amortised cost	184,333	(1,553)	182,780	53,057
Loans and advances at amortised cost	Amortised cost	762,980	(32,498)	730,482	787,504
Investments at amortised cost	Amortised cost	-	-	-	7,335
Other assets	Amortised cost	18,574	-	18,574	18,436
Total financial assets				931,836	866,332
Financial liabilities					
Borrowings	Amortised cost	304,884	-	304,884	409,419
DBS bonds	Amortised cost	241,806	-	241,806	100,702
Other liabilities	Amortised cost	20,336	-	20,336	9,147
Total financial liabilities				567,026	519,268

2.3 Property and equipment

Property and equipment are stated at revalued value or historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Bank's policy is to revalue Land and buildings every 2 years.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

	<u>Years</u>
Buildings	10 to 25
Equipment	3 to 7
Furniture and fittings	3
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of equipment are determined by comparing the proceeds with their carrying amount and are included in the Statement of Profit or Loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.4 Leases

The Bank leases some buildings to run its offices and the period varies from 2 - 4 years, with an option to renew.

2.4.1 Right-of-use

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost comprising,

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2.4.2 Lease liability

Lease liability is measured at the present value of the remaining lease payments, discounted using the general market banks incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period.

2.5 Intangible asset

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. They are amortised over a useful life of 3 years.

2.6 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Retirement benefit obligations

The Bank contributes to a defined contribution plan as well as has several other long term benefit Schemes. They are, Compensation - end of contract, Gratuity, Compensation - retirement, Long service award scheme and Performance incentive.

The cost of compensation - retirement plan has been determined using the method as per the Seychelles Employment Act and management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

The other additional plan's cost of compensation has been determined using Bank defined calculations as stated in Note 18 to this financial statements.

Payments of defined contribution retirement benefit plans are recognised as an expense in the statement of profit or loss when employees rendered service entitling them to contributions.

2.8 Taxation

The Bank is exempted from the provision of Business Tax Act 2009 as per section 39 of Development Bank Decree 1977.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

2 Significant accounting policies (cont...)

2.9 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee (SCR), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Bank are presented in Seychelles Rupee, which is its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revise their estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial assets i.e., the gross carrying amount less the allowance for expected credit losses.

Fees and commission income

Fees and commissions are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiations of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

Other income

Other income is recognised as it accrues.

DEVELOPMENT BANK OF SEYCHELLES

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2 Significant accounting policies (cont...)

2.11 Provisions

Provisions are recognised, where the bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The bank recognises a provision for onerous contracts when the expected benefit to be derived from a contract are less than the unavoidable costs of meeting the obligation under the contract.

3 Financial risk management

The Bank's activities expose it to a variety of financial risks. Its overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Bank's financial performance.

A description of the significant risks is given below together with the risk management policies applicable.

3.1 Strategy in using financial instruments

The Bank borrows money from local and foreign banks and issues bonds locally and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

3.2 Capital adequacy

Capital adequacy ratio is closely monitored in line with the requirements of the Financial Institutions Act 2004, as amended and those of the Central Bank of Seychelles. The ratio is given as follows:

	2022 SCR '000	2021 SCR '000
Capital base:		
Tier I Capital	319,701	296,117
Tier II Capital	5,529	14,562
Total capital base (a)	325,230	310,679
Risk weighted assets (b)	891,146	961,167
Capital adequacy ratio (a/b) %	36%	32%
Minimum Requirement (%)	12%	12%

The Bank has adhered to the capital requirements of the Central Bank of Seychelles for the year under review.

3.3 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank is mainly exposed to credit risk from financing activity.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

3 Financial risk management (cont...)

3.3 Credit risk (cont...)

Portfolio classification and establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

The Bank also complies with the Financial Institutions (Credit Classification and Provisioning) Regulations, gazetted in 2010 and amended in 2011 which require the classification of its credits into specific categories and gives guidance on the minimum provisioning required for each category.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and expert credit risk assessment, including forward-looking information.

The Bank uses the number of days past due (DPD) to determine significant in credit risk. Credit ratings are assigned to facilities granted by sectors upon initial recognition based on available information. Credit risk is deemed to have increased significantly if credit ratings have deteriorated at the reporting date. In addition, as a backstop, the Bank considers that significant increase in credit risk occurs when an assets is more than 30 DPD.

Credit quality per class of financial assets

An ageing analysis of credit quality by class of asset for all financial assets exposed to credit risk has been performed. Credit risk for loans and advances is managed by the Credit department subject to Bank's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on a credit rating evaluation, collateral values and ability of underlying projects to service the debt. Loans and advances in arrears are regularly monitored and evaluated for restructuring when warranted.

Collateral and other credit enhancements

Exposure to credit risk is also managed, in part, by obtaining and monitoring collateral in the form of government guarantee for SME loans, interests over properties and vehicles, Corporate and personal guarantees are also accepted by the Bank. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

Exposure to credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors with discretionary limits set for the Bank's Management.

The table that follow shows the maximum exposure of financial assets to credit risk for the components of the Statement of Financial Position.

	2022	2021
	SCR '000	SCR '000
Cash and cash equivalents	182,780	53,057
Loans and advances at amortised cost	730,482	787,504
Investments at amortised cost	-	7,335
Other assets	18,574	18,436
Total credit risk exposure	931,836	866,332

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

3 Financial risk management (cont...)

3.3 Credit risk (cont...)

Calculation of Expected Credit Loss (ECL)

Immediately after initial recognition, an expected credit loss allowance is recognised for loans and receivable at amortised cost as previously explained under note (2.2).

Commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are, therefore, part of the overall risk of the Bank. Detailed below is the Bank's maximum credit risk exposure for commitments. The maximum exposure to credit risk relating to the commitments is the full amount which amounted to SCR 44,993,787 (2021: SCR 77,618,450).

Loan commitments provided by the Bank are measured as the amount of the loss allowance. For loan commitments, the loss allowance is recognised as a provision. However for the contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected losses are recognised as a provision.

An analysis of the Bank's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements is as disclosed below:

Class of financial asset SCR '000

	At amortised cost			Total	2021 Total
	Year ended 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL-not impaired	Stage 3 Lifetime ECL- credit impaired		
Loans and advances					
Pass	555,344	-	-	555,344	582,684
Special Mention	-	83,160	-	83,160	133,680
Substandard	-	-	67,718	67,718	49,610
Doubtful	-	-	28,627	28,627	9,246
Loss	-	-	35,041	35,041	56,939
Total amount committed (note 6)	555,344	83,160	131,386	769,890	832,159
Cumulative allowance for credit impairment	(4,527)	(4,030)	(23,941)	(32,498)	(35,436)
Carrying amount	550,817	79,130	107,445	737,392	796,723
Commitments					
Gross (note 25)	44,994	-	-	44,994	77,618
Cumulative allowance for credit impairment	(961)	-	-	(961)	(1,094)
Carrying amount	44,033	-	-	44,033	76,524
Total Non-Performing				131,386	115,795
Non-Performing Ratio				17%	14%

* The stage allocation above is solely based on CBS guidelines and based on number of days due.

* The non-performing loans ratio is based on loans in arrears greater than 89 days.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

3 Financial risk management (cont...)

3.3 Credit risk (cont...)

Credit quality and provisioning requirements

Credit quality of loans and advances

	2022	2021
	SCR '000	SCR '000
Neither past due nor impaired	555,344	582,684
Past due but not impaired	83,160	133,680
Impaired	131,386	115,795
Gross loans and advances	769,890	832,159
<i>Less: Allowances for credit impairment</i>	(32,498)	(35,436)
Fair value of collaterals of past due but not impaired	737,392	796,723

Loans and advances that are past due but not impaired are classified as such where net current market value of supporting security is sufficient to cover all principal, interest and other amounts (including legal, enforcement, realisation costs, etc.) due on the facility.

3.4 Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Bank's foreign currency positions. The latter is exposed with respect to foreign currency arising from trading in foreign currency and acceptances. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly, expenses monitored and actions taken accordingly.

Concentration of assets and liabilities by currency

At 31 December 2022 (SCR '000)	SCR	EUR	USD	GBP	Others	Total
Assets						
Cash and cash equivalents	148,128	21,681	12,971	-	-	182,780
Loans and advances	730,482	-	-	-	-	730,482
Maturity investments	-	-	-	-	-	-
Other assets	18,574	-	-	-	-	18,574
Property & equipment	25,010	-	-	-	-	25,010
Investment property	11,356	-	-	-	-	11,356
Intangible assets	159	-	-	-	-	159
Right to use asset	611	-	-	-	-	611
	934,320	21,681	12,971	-	-	968,972
Liabilities						
Borrowings	237,297	66,171	1,416	-	-	304,884
DBS bonds	241,806	-	-	-	-	241,806
Lease liability	678	-	-	-	-	678
Compensation benefit obligations	8,019	-	-	-	-	8,019
Funds under management	4,909	-	-	-	-	4,909
Other liabilities	20,335	-	-	-	-	20,335
	513,044	66,171	1,416	-	-	580,631
Net on balance sheet position	421,276	(44,490)	11,555	-	-	388,341
Off balance sheet position						
Undrawn commitments	44,994	-	-	-	-	44,994
Less : Allowance for credit impairment	(961)	-	-	-	-	(961)
Net off balance sheet position	44,033	-	-	-	-	44,033

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

3 Financial risk management (cont...)

3.4 Currency risk (cont...)

At 31 December 2021 (SCR '000)	SCR	EUR	USD	GBP	Others	Total
Assets						
Cash and cash equivalents	42,558	2,701	7,798	-	-	53,057
Loans and advances	787,504	-	-	-	-	787,504
Maturity investments	-	-	7,335	-	-	7,335
Other assets	18,436	-	-	-	-	18,436
Property & equipment	26,280	-	-	-	-	26,280
Investment property	11,356	-	-	-	-	11,356
Intangible assets	250	-	-	-	-	250
Right to use asset	1,821	-	-	-	-	1,821
	888,205	2,701	15,133	-	-	906,038
Liabilities						
Borrowings	321,263	84,697	3,459	-	-	409,419
DBS bonds	100,702	-	-	-	-	100,702
Lease liability	1,912	-	-	-	-	1,912
Compensation benefit obligations	6,949	-	-	-	-	6,949
Funds under management	4,439	-	-	-	-	4,439
Other liabilities	9,147	-	-	-	-	9,147
	444,412	84,697	3,459	-	-	532,568
Net on balance sheet position	443,793	(81,996)	11,674	-	-	373,470
Off balance sheet position						
Undrawn commitments	77,618	-	-	-	-	77,618
Less : Allowance for credit impairment	(1,094)	-	-	-	-	(1,094)
Net off balance sheet position	76,524	-	-	-	-	76,524

Sensitivity analysis

If exchange rates had been 1% higher/lower and all other variables were held constant as at year-end, the Bank's results would have been increased/decreased as follows:

	2022	2021
	SCR '000	SCR '000
Impact on results	± 5	± 71

3.5 Liquidity risk

The Bank is exposed to daily calls on its available cash resources from borrowings, from loan draw down, from margin and other calls. The bank maintains cash resources to meet all of these needs based on experience. The bank sets limits on the minimum proportion of maturing funds available to meet such calls.

On the other hand, the Bank also complies with the Central Bank of Seychelles' requirement for all banks to maintain liquid assets in accordance to the Financial Institutions (Liquidity Risk Management) Regulations, 2009 as amended in 2012.

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3 Financial risk management (cont...)

3.5 Liquidity risk (cont...)

As at 31 December 2022 (SCR '000)	< 3 months	3 - 6 months	6 - 12 months	1 - 3 years	> 3 years	Non-maturity items	Total
Assets (Net of impairment)							
Cash and cash equivalents	182,780	-	-	-	-	-	182,780
Loans and advances	32,629	32,161	62,913	226,748	408,529	-	762,980
Maturity investments	-	-	-	-	-	-	-
Other assets	4,784	-	-	-	-	13,790	18,574
Property & equipment	-	-	-	-	-	25,010	25,010
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	159	159
Right to use asset	-	-	-	-	-	611	611
	220,193	32,161	62,913	226,748	408,529	50,926	1,001,470
Less allowances for credit impairment							(32,498)
							968,972
Liabilities							
Borrowings	27,941	26,281	50,329	134,504	65,829	-	304,884
DBS bonds	356	-	-	50,000	191,450	-	241,806
Lease liability	330	263	85	-	-	-	678
Compensation benefit obligations	612	294	1,540	293	-	5,280	8,019
Funds under management	-	-	-	-	-	4,909	4,909
Other liabilities	1,460	-	-	-	-	18,875	20,335
	30,699	26,838	51,954	184,797	257,279	29,064	580,631
Maturity gap	189,494	5,323	10,959	41,951	151,250	21,862	420,839
As at 31 December 2021 (SCR '000)	< 3 months	3 - 6 months	6 - 12 months	1 - 3 years	> 3 years	Non-maturity items	Total
Assets (Net of impairment)							
Cash and cash equivalents	53,057	-	-	-	-	-	53,057
Loans and advances	34,837	34,514	67,342	242,446	443,800	-	822,939
Maturity investments	-	7,335	-	-	-	-	7,335
Other assets	-	-	-	-	-	18,436	18,436
Property & equipment	-	-	-	-	-	26,280	26,280
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	250	250
Right to use asset	-	-	-	-	-	1,821	1,821
	87,894	41,849	67,342	242,446	443,800	58,143	941,474
Less allowances for credit impairment							(35,436)
							906,038
Liabilities							
Borrowings	29,573	28,411	59,430	196,957	95,048	-	409,419
DBS bonds	-	50,345	-	50,357	-	-	100,702
Lease liability	296	304	634	678	-	-	1,912
Compensation benefit obligations	-	-	-	-	-	6,949	6,949
Funds under management	-	-	-	-	-	4,439	4,439
Other liabilities	-	-	-	-	-	9,147	9,147
	29,869	79,060	60,064	247,992	95,048	20,534	532,567
Maturity gap	58,025	(37,211)	7,278	(5,546)	348,752	37,608	373,471

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3 Financial risk management (cont...)

3.6 Interest rate risk

Interest rate risk refers to the potential variability in the Bank's financial condition owing to changes in the level of interest rates. It is the Bank's policy to apply variable interest rates to lending and borrowing.

Interest sensitivity of assets and liabilities - repricing analysis

As at 31 December 2022 (SCR '000)	< 3 months	3 - 6 months	3 - 12 months	1 - 3 years	> 3 years	Non-interest bearing	Total
Assets							
Cash and cash equivalents	70,516	-	-	-	-	112,264	182,780
Loans and advances	32,629	32,161	62,913	226,748	408,529	-	762,980
Maturity investments	-	-	-	-	-	-	-
Other assets	4,784	-	-	-	-	13,790	18,574
Property & equipment	-	-	-	-	-	25,010	25,010
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	159	159
Right to use asset	-	-	-	-	-	611	611
	107,929	32,161	62,913	226,748	408,529	163,190	1,001,470

Less allowances for credit impairment (32,498)
968,972

Liabilities

Borrowings	27,941	26,281	50,329	134,504	65,829	-	304,884
DBS bonds	356	-	-	50,000	191,450	-	241,806
Lease liability	330	263	85	-	-	-	678
Compensation benefit obligations	-	-	-	-	-	8,019	8,019
Funds under management	-	-	-	-	-	4,909	4,909
Other liabilities	-	-	-	-	-	20,335	20,335
	28,627	26,544	50,414	184,504	257,279	33,263	580,631
Interest sensitivity gap	79,302	5,617	12,499	42,244	151,250	129,927	388,341

As at 31 December 2021 (SCR '000)	< 3 months	3 - 6 months	3 - 12 months	1 - 3 years	> 3 years	Non-interest bearing	Total
Assets							
Cash and cash equivalents	44,102	-	-	-	-	8,955	53,057
Loans and advances	34,837	34,514	67,342	242,446	443,800	-	822,939
Maturity investments	-	7,335	-	-	-	-	7,335
Other assets	-	-	-	-	-	18,436	18,436
Property & equipment	-	-	-	-	-	26,280	26,280
Investment property	-	-	-	-	-	11,356	11,356
Intangible assets	-	-	-	-	-	250	250
Right to use asset	-	-	-	-	-	1,821	1,821
	78,939	41,849	67,342	242,446	443,800	67,098	941,474

Less allowances for credit impairment (35,436)
906,038

Liabilities

Borrowings	29,573	28,411	59,430	196,957	95,048	-	409,419
DBS bonds	-	50,345	-	50,357	-	-	100,702
Lease liability	296	304	634	678	-	-	1,912
Compensation benefit obligations	-	-	-	-	-	6,949	6,949
Funds under management	-	-	-	-	-	4,439	4,439
Other liabilities	-	-	-	-	-	9,147	9,147
	29,869	79,060	60,064	247,992	95,048	20,534	532,567
Interest sensitivity gap	49,070	(37,211)	7,278	(5,546)	348,752	46,563	373,471

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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3 Financial risk management (cont...)

3.6 Interest rate risk (cont...)

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant as at year-end, the Bank's results would have been increased/decreased as follows:

	2022	2021
	SCR '000	SCR '000
Impact on results	±558	±617

4 Critical accounting estimates and judgements

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the Banking disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management's judgement and/or estimates are collated below with respect to judgements/estimates involved.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and

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4 Critical accounting estimates and judgements (cont...)

Impairment losses on financial assets (cont...)

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Calculation of Loss allowance

When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of other assets

At each financial reporting year end, Bank's Management reviews and assesses the carrying amounts of other assets and where relevant, write them down to their recoverable amounts based on best estimates.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

The Bank monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

In assessing whether the credit risk of an asset has significantly increased the Bank considers qualitative and quantitative reasonable and supportable forward-looking information.

Useful lives and residual values of equipment

Determining the carrying amounts of equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Bank and the relevant industry in which it operates in order to best determine the useful lives and residual values of equipment.

Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and Management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

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4 Critical accounting estimates and judgements (cont...)

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from for example, a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Limitation of sensitivity analysis

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's views of possible near-term market changes that cannot be predicted with any certainty.

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5 *Cash and Cash equivalents*

	2022	2021
Balances with local banks	184,143,375	53,452,584
Cash in hand	189,714	20,137
Allowance for credit impairment	(1,552,976)	(415,795)
	182,780,113	53,056,926

6 *Loans and advances*

	2022	2021
Loans and advances to customers	755,111,210	817,661,871
Staff loans	14,778,953	14,496,679
	769,890,163	832,158,550
Less : Allowance for credit impairment (See below)	(32,498,411)	(35,435,944)
Interest in Suspense	(6,910,239)	(9,218,564)
	730,481,513	787,504,042

6.1 *Loans and advances by credit quality*

	Stage 1 12-month ECL	Stage 2 lifetime ECL not credit impaired	Stage 3 lifetime ECL credit impaired	As at 31 December 2022	As at 31 December 2021
Loans and advances					
Loans and advances	555,344,719	83,159,852	131,385,592	769,890,163	832,158,550
Allowance for credit impairment	(4,526,998)	(4,030,418)	(23,940,995)	(32,498,411)	(35,435,944)
	550,817,721	79,129,434	107,444,597	737,391,752	796,722,606

6.2 *Allowance for credit impairment*

	2022	2021
Cumulative allowance for credit impairment		
Loans and advances	35,435,944	34,272,274
Undrawn commitments	1,093,592	655,896
As at 1 January	36,529,536	34,928,170
Provision reversal up to the write off made	(6,181,543)	(4,930,185)
Expected loss charge for the year	3,110,992	6,531,551
Loans and advances	32,498,411	35,435,944
Undrawn commitments	960,574	1,093,592
As at 31 December	33,458,985	36,529,536

Amounts directly recognised in profit and loss

Bad debts recovered	(4,032,594)	(1,304,542)
Loans written off to profit or loss	12,344,492	15,518,153
Net bad debts written off	8,311,898	14,213,611

Total allowance for credit impairment charged/(reversal) to profit or loss:

Expected loss charge for the year	3,110,992	6,531,551
Net bad debts written off	8,311,898	14,213,611
Expected loss charge for the year - Cash and cash equivalent (Note 5)	1,137,181	(193,176)
	12,560,071	20,551,986

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6 *Loans and advances (Continued)*

Below is an analysis of concentration of credit risk by industry sectors.

	Number of loans	2022	%	2021	%
SME loan scheme	370	453,132,160	58.86%	488,910,465	58.75%
Services	46	32,277,788	4.19%	41,315,950	4.96%
Tourism	47	104,026,444	13.51%	112,883,922	13.57%
Building and construction	75	110,909,775	14.41%	114,620,774	13.77%
Agriculture	5	8,404,212	1.09%	9,295,228	1.12%
Manufacturing	8	29,193,298	3.79%	29,443,129	3.54%
Staff (*)	66	14,778,953	1.92%	14,496,679	1.74%
Transport	5	703,626	0.09%	1,858,162	0.22%
Agriculture and horticulture	3	5,657,803	0.73%	6,468,695	0.78%
Manufacturing industry	-	-	0.00%	86,074	0.01%
Fisheries	8	3,674,027	0.48%	4,034,549	0.48%
Trade	3	699,102	0.09%	1,090,070	0.13%
Community, social and personal	1	1,877,870	0.24%	2,019,873	0.24%
Former staff (*)	5	341,527	0.04%	501,297	0.06%
Covid relief scheme	26	4,213,578	0.55%	5,133,683	0.62%
	668	769,890,163	100.0%	832,158,550	100.0%
Less : Allowance for credit impairment		(32,498,411)	-4.22%	(35,435,944)	-4.26%
Interest in suspense		(6,910,239)	-0.90%	(9,218,564)	-1.11%
		730,481,513	94.9%	787,504,042	94.6%

DBS offers variable interest rate loans and periodically evaluates their lending pool to adjust rates globally based on changing market conditions. Interest rates on loans in the DBS Scheme range from 7.50% to 12% and Staff loans range from 3.75% to 11.5%. The SME scheme offers 10.00% to 11.75% and is subsidised by the Government of Seychelles; borrowers are charged 5% on the first million and 7% on the remaining.

(*) This pertains to loans to current and former staff. Interest on loans to current staff ranges from 3.75% to 4%, and interest on loans to former staff is at 10% to 11.5%.

7 *Maturity investments*

	2022	2021
As at 1 January	7,334,750	15,113,472
Additions	-	7,334,750
Interest accrued	85,012	327,789
Maturity	(7,419,762)	(15,441,261)
As at 31 December	-	7,334,750

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Financial statements are prepared in Seychelles Rupees

8 Other assets

	2022	2021
Prepayments	1,553,661	590,666
Other receivables (a)	7,979,126	8,804,227
Land parcel C1815	9,040,872	9,040,872
	18,573,659	18,435,765

- (a) Other receivables mainly comprise of management fees charged for management of the Photovoltaic Fund, Agricultural Development Fund, EU Fisheries Development Fund & Small Business Financing Agency Fund. In addition it includes subsidies interest for Small and Medium Enterprise loans due from Seychelles Government, and balances receivable from staff in respect of telephone charges settled by the Bank on their behalf.

9 Property and equipment

	Land and buildings	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost					
As at 1 January 2021	26,000,000	4,655,408	2,152,907	1,290,887	34,099,202
Additions	-	51,240	48,739	-	99,979
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
As at 31 December 2021	26,000,000	4,706,648	2,201,646	1,290,887	34,199,181
Additions	-	473,055	293,889	-	766,944
Disposals	-	(94,782)	(130,645)	-	(225,427)
Revaluation	-	-	-	-	-
As at 31 December 2022	26,000,000	5,084,921	2,364,890	1,290,887	34,740,698
Accumulated depreciation					
As at 1 January 2021	2,483,418	3,127,780	1,472,244	1,290,887	8,374,329
Charge for the year	1,267,300	425,277	335,829	-	2,028,406
Disposals	-	-	-	-	-
Transfer to revaluation reserves	(2,483,418)	-	-	-	(2,483,418)
As at 31 December 2021	1,267,300	3,553,057	1,808,073	1,290,887	7,919,317
Charge for the year	1,267,300	418,674	349,138	-	2,035,112
Disposals	-	(94,783)	(129,013)	-	(223,796)
As at 31 December 2022	2,534,600	3,876,948	2,028,198	1,290,887	9,730,633
Net book value					
As at 31 December 2021	24,732,700	1,153,591	393,573	-	26,279,864
As at 31 December 2022	23,465,400	1,207,973	336,692	-	25,010,065

- (a) The Bank's land and buildings are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation was performed by Blackburn Consulting (Pty) Ltd, an independent professionally qualified chartered surveyor on December, 2020.

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

- (b) The Bank does not have any of its assets pledged as securities.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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10 Investment property

	2022	2021
Cost		
As at 1 January	11,355,610	9,098,199
Additions	-	-
Revaluation	-	2,257,411
As at 31 December	11,355,610	11,355,610
Accumulated depreciation		
As at 1 January	-	-
Depreciation	-	-
As at 31 December	-	-
Net book value as at 31 December,	11,355,610	11,355,610

- (a) The Bank's investment properties includes lands seized from customers and are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations were performed by Blackburn Consulting (Pty) Ltd, and Thyra Laporte Quantity Surveying, independent professionally qualified chartered surveyors on February 2021.

In determining the fair value of the property the quantity surveyor considered the current market price, not only for the properties being valued, but also for comparable properties in the same vicinity. Factors included the geographical features of the terrain and also essential services available in the vicinity. Finally, the market value was also determined in accordance with the demand and supply.

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11 Intangible assets

	2022	2021
Cost		
As at 1 January	4,894,484	4,659,958
Additions	-	234,526
As at 31 December	4,894,484	4,894,484
Accumulated amortisation		
As at 1 January	4,644,438	4,614,207
Amortisation	91,201	30,231
As at 31 December	4,735,639	4,644,438
Net book value as at 31 December	158,845	250,046

(a) Intangible assets comprise of software and licenses.

(b) Cash outflow for the purchase of intangible assets was nil for the current year (2021: 234,526).

12 Right to use asset

	2022	2021
Cost		
As at 1 January	5,189,442	2,328,979
Additions	-	-
Disposals	-	-
Remeasurement	-	2,860,463
As at 31 December	5,189,442	5,189,442
Accumulated amortisation		
As at 1 January	3,367,963	2,153,612
Amortisation	1,209,578	1,214,351
Disposal	-	-
As at 31 December	4,577,541	3,367,963
Net book value as at 31 December	611,901	1,821,479

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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13 Borrowings

	Interest rate	Maturity	2022	2021
BADEA bank loan	4%	2023	1,416,184	4,287,206
Absa Bank Seychelles	Prime lending rate - 4.75%	2023	7,812,500	17,187,500
Nouvobanq S.I.M.B.C	5%	2023	80,632	9,221,028
Absa Bank Seychelles	Prime lending rate - 4.75%	2023	4,166,667	14,166,667
Seychelles Government (EIB) - 1	1.91%	2023	1,250,614	2,479,694
Seychelles Government (EIB) - 2	1.73%	2024	5,838,620	9,647,003
Seychelles Government (EIB) - 3	1.66%	2025	18,012,963	25,011,984
European Investment Bank	3.98%	2037	19,261,655	
Mauritius Commercial bank of Seyche	Euro libor 3 months + margin	2024	5,517,019	9,464,931
	5.5%			
Mauritius Commercial bank of Seyche	MCB base rate	2024	7,080,292	10,786,671
Al Salam Bank Seychelles	6.90%	2024	20,099,647	29,154,448
Seychelles Government (ADF Bilatera	2.75%	2027	52,283,073	60,112,998
Seychelles Government (Grant)	Interest fee	2024	16,666,666	30,952,381
Nouvobanq S.I.M.B.C	4.5% + 3 months Euribor	2025	41,392,593	60,783,722
Seychelles Government	Interest fee	2025	35,000,000	50,000,000
Seychelles Government	3.26%	2026	35,000,000	35,000,000
Absa Bank Seychelles	6.75%	2027	29,166,667	35,052,500
Private Sector Relief Scheme	Interest fee	8 years from disbursement	4,837,833	6,110,422
			304,883,625	409,419,155

Reconciliation of borrowings:

	2022	2021
As at 1 January	409,419,155	491,950,783
Proceeds from borrowings	18,881,200	130,000,000
Interest charges	11,784,704	16,167,037
Repayments of interest	(12,095,083)	(16,541,884)
Repayment of principal	(116,866,586)	(139,170,446)
Foreign exchange (gain)/loss	(6,239,765)	(72,986,335)
As at 31 December	304,883,625	409,419,155

The Bank contracted loans in line with the Public Debt Management Act, and signed a contract with the Ministry of Finance, National Planning and Trade stating that the net foreign exchange losses arising on the loan facilities will be reimbursed by the latter. Total net foreign exchange gain/(loss) incurred during 2022 was SCR 6,239,765 (2021: a gain of SCR 72,986,335).

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14 DBS Bonds

	2022	2021
As at 1 January	100,702,052	151,174,658
Redeemed during the year	(50,000,000)	(50,000,000)
Issued during the year	191,229,361	-
Interest expense	9,354,374	7,645,782
Interest payments	(9,479,802)	(8,118,388)
As at 31 December	241,805,985	100,702,052

(a) Interest rates on the above bonds ranges between 3.75% and 6.5% (2021: 6% and 6.5%).

(b) The bonds are guaranteed by the Government of Seychelles.

(c) The currency profile and maturity terms of the bonds are detailed in Note 3.

15 Lease liability

	2022	2021
As at 1 January	1,912,003	197,781
Additions	-	-
Disposals	-	-
Remeasurement	-	2,860,463
Interest cost	149,774	237,524
Payments made	(1,383,665)	(1,383,765)
As at 31 December	678,112	1,912,003

15.1 Minimum lease payments payable on lease commitment is as follows,

	Future minimum lease payments	Interest cost	Present value of minimum lease payments 31-12-2022	Present value of minimum lease payments 31-12-2021
Within 1 year	701,704	23,592	678,112	1,233,890
Later than 1 year	-	-	-	678,113
As at December 31,	701,704	23,592	678,112	1,912,003

15.2 Amounts recognised in the statement of profit or loss,

	2022	2021
Amortisation charge of right to use asset	1,209,578	1,214,351
Interest cost	149,774	237,524
	1,359,352	1,451,875

16 Funds under management

	2022	2021
Credit guarantee scheme (a)	870,134	870,134
EU fisheries, ADF, SBFA, SBSF (b)	2,249,261	1,345,236
Photovoltaic project (c)	38,901	472,874
Green climate fund (d)	1,750,411	1,750,411
	4,908,707	4,438,655

(a) This fund was created from a donation made by Frederick Ebert Stiftung (a private foundation in the West of Germany). The objective of the fund is to support small entrepreneurs and young graduates from the Polytechnic on ventures not exceeding SCR 150,000. The fund is repayable on demand.

DEVELOPMENT BANK OF SEYCHELLES

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16 Funds under management (Cont...)

- (b) This pertains to funds received on behalf of EU Fisheries Development Fund, Agricultural Development Fund, Small Business Financing Agency, and Small Business Support Fund loan schemes, which have not yet been transferred to these respective loan schemes. The Bank has been given the mandate of administering these funds on behalf of the Government. The funds are repayable on demand.
- (c) This relates to balance held on behalf of the government with regards to the Photovoltaic project. The Government introduced the project in 2014 with the aim of intensifying efforts to reduce the country's dependency on fossil fuel by encouraging the use of renewable energy. The Bank is managing this fund on behalf of the Government.
- (d) This fund was created under the United Nations Framework Convention on Climate Change. The objective of the fund is to assist in the hiring of consultants and procurement of services to build capacity of the coordination and management unit that will have the responsibility of coordinating with other ministries, NGO's and stakeholders on the Green Climate Fund.

17 Other liabilities

	2022	2021
Trade payable	714,872	1,191,085
ECL provision on off-balance sheet items	960,574	1,093,592
Other payables and accruals (a)	1,480,452	1,654,852
Balance due to Ministry of Finance (b)	17,179,876	5,207,251
	20,335,774	9,146,780

- (a) Other payables consist mainly of sundry creditors and personal contribution deposited by the clients toward the financing of total project costs.
- (b) The above balance includes foreign exchange differences arising on conversion of the borrowings from Nouvobank S.I.M.B.C, Mauritius Commercial Bank, and European Investment Bank. The net foreign exchange differences arising from the conversion will be claimed at the time of maturity of the above borrowings from Ministry of Finance, National Planning and Trade, according to the guarantee agreement signed between government of Seychelles represented by the Ministry of Finance, National Planning and Trade. As at 31 December 2022 the net foreign exchange gain was SCR 17,179,876.

18 Compensation benefit obligations

	2022	2021
Compensation - end of contract (a)	2,626,631	1,980,750
Gratuity (b)	286,667	250,250
Compensation -retirement (c)	4,038,937	3,773,473
Long service award scheme (d)	954,000	911,250
Performance incentive (e)	112,720	33,153
	8,018,955	6,948,876

(a) Compensation - end of contract

	2022	2021
As at 1 January	1,980,750	2,386,392
Charged to profit or loss	1,498,112	1,726,137
Benefits paid	(852,231)	(2,131,779)
As at 31 December	2,626,631	1,980,750

End of contract compensation represents the Bank's obligation to pay compensation to employees on fixed term contracts upon the termination of their contracts. The contracts are for a minimum period of 2 years.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

Financial statements are prepared in Seychelles Rupees

18 Compensation benefit obligations (Cont...)

<i>(b) Gratuity</i>	2022	2021
As at 1 January	250,250	234,417
Charged to profit or loss	95,038	110,833
Benefits paid	(58,621)	(95,000)
As at 31 December	286,667	250,250

This represents the Bank's obligation for compensation of every five years of continued service performed.

<i>(c) Compensation - Retirement</i>	2022	2021
As at 1 January	3,773,473	4,395,744
Current service cost	520,184	418,655
Benefits paid	(254,720)	(1,040,926)
As at 31 December	4,038,937	3,773,473

Compensation benefit obligation is a statutory obligation which all financial institutions incorporated in Seychelles under the Employment Act 1995 shall pay to employee upon resignation or termination of the employee provided that same has completed five years of continuous service. However, the Bank's internal policy allows for compensation payment to be made even though the continuous five year period has not been met.

<i>(d) Long service award scheme</i>	2022	2021
As at 1 January	911,250	882,875
Charged to profit or loss	145,057	230,875
Benefits paid	(102,307)	(202,500)
As at 31 December	954,000	911,250

The Bank has a long service award scheme for all of its employees. The scheme is one where the Bank recognises the effort and commitment of those who have been in the service for a continuous long period. This represents the Bank's obligation for compensation of every five years of continued service performed.

<i>(e) Performance incentive</i>	2022	2021
As at 1 January	33,153	72,937
Charged to profit or loss	182,776	144,496
Benefits paid	(103,209)	(184,280)
As at 31 December	112,720	33,153

The scheme is one where the Bank recognises the performance of CEO based on the achievement of the set targets and plan for the year.

<i>19 Share capital</i>	2022	2021
Authorised share		
As at 31 December	40,000,000	40,000,000
Issued and fully paid shares		
As at 31 December	39,200,000	39,200,000

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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20 *Contingent reserve*

	2022	2021
As at 31 December	41,385,321	41,385,321

The contingent reserve is maintained in accordance with the provisions of Chapter 63 Development Bank of Seychelles Decree, 1977. Section 33, Application of Monies, requires that the bank set aside in a reserve fund up to the Share Capital, that is, SCR 39.2 million.

21 *Interest income*

	2022	2021
Cash and short term funds	195,384	154,329
Interest on financial assets at amortised cost	425,613	327,789
Loans and advances	79,173,508	88,390,026
Interest in suspense	(2,844,825)	(3,325,811)
	76,949,680	85,546,333

22 *Interest expense*

	2022	2021
Interest on borrowing and loan arrangement fees	11,784,704	16,167,037
Interest on DBS bonds	9,354,374	7,645,782
	21,139,078	23,812,819

23 *Other income*

	2022	2021
Management fees	6,939,350	6,551,022
Fees from loans and advances	-	124,389
Application fees	31,636	32,554
Concessions on lease payments	-	152,308
Loss on disposal of property and equipment	(1,002)	-
	6,969,984	6,860,273

24 *Employee benefit expenses*

	2022	2021
Salaries and wages	18,108,011	15,940,442
Pension costs	709,999	484,766
Compensation benefit obligation	2,441,167	2,598,272
Directors fees and committee allowance	241,472	260,587
Other staff costs	826,821	862,601
	22,327,470	20,146,668

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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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25 Administrative expenses

	2022	2021
Auditors' remuneration	279,450	297,850
Bank charges	635,538	707,743
Communication costs	804,604	676,582
Donations	194,333	78,489
Insurance expenses	136,778	141,012
Legal and professional fees	1,183,717	1,578,115
Maintenance costs	2,321,968	2,304,190
Membership fees	289,689	222,115
Office expenses	508,557	556,211
Promotion and advertising costs	179,255	180,323
Rental expenses	538,131	604,673
Travelling expenses	386,618	5,328
Utilities costs	589,838	503,402
Other administration expenses	965,762	743,942
	9,014,238	8,599,975

26 Capital commitments

Loans and advances approved but not yet disbursed as at 31 December 2022 totalled to SCR 44,993,787 (2021: 77,618,450). Their expected credit loss is SCR 960,574 (2021: SCR 1,093,592). All capital commitments are classified in stage one.

27 Related party transactions

During the year ended 31 December 2022, there were the followings following between the bank and its related parties.

	Relationship	2022	2021
(a) Borrowings			
<u>Government of Seychelles</u>			
As at 1 January		213,204,060	161,127,595
Additions (Government advance)		-	95,000,000
Interests	Shareholder	3,256,315	2,803,610
Repayments		(52,408,439)	(45,727,145)
At 31 December		164,051,936	213,204,060
<u>Nouvobanq - SIMBC</u>			
As at 1 January		70,004,750	139,019,625
Additions		-	-
Interests	Government related (*)	2,357,486	4,368,537
Repayments		(25,747,184)	(31,157,605)
Foreign exchange (gain)/loss		(5,141,827)	(42,225,807)
At 31 December		41,473,225	70,004,750

(*) The Government of Seychelles holds shares in both Development bank of Seychelles and Nouvobanq.

(b) Interest subsidy

	2022	2021
<u>Government of Seychelles</u>		
Interest subsidy on SME loan scheme	18,414,779	21,072,226

Interest subsidy is the difference between interest paid by the client and the lending rate of the Bank. The subsidy is payable on a quarterly basis. The above figure represents total interest subsidy for the year. The balance receivable relating to the interest subsidy is SCR 4,323,019 (2021: SCR 5,128,617).

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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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27 Related party transactions (Cont...)

	Relationship	2022	2021
(c) Salaries and other benefits			
Personal salaries	Key management personnel	3,723,393	3,015,635
Remuneration	Directors	244,085	272,347
End of contract settlement	Key management personnel	2,431,169	2,916,641
End of contract provision	Key management personnel	70,056	107,430
Long service award scheme settlement	Key management personnel	-	82,500
Long service award scheme provision	Key management personnel	145,067	262,875
(d) Outstanding balances			
Recovery on financial Guarantee contract	Shareholder	(17,179,876)	(5,207,251)
Borrowings	Shareholder	164,051,936	213,204,060
Borrowings	Government related	41,473,225	70,004,750
Loans and advances	Key management personnel	3,507,242	3,927,014
Loans and advances	Directors	7,103,657	8,607,736

In 2015 due to organisation restructuring, the Bank created a new position to head their departments. The heads of the departments are known as key management personnel.

28 Contingent liabilities

There were no contingent liabilities as at 31 December 2022 (2021: Nil).

29 Events after reporting date

There were no material events occurring after the reporting date which require adjustments to or disclosures in the financial statements other than those disclosed above.

DEVELOPMENT BANK OF SEYCHELLES

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

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30 Fair Value of Financial Instruments

The following table provides an analysis of assets and liabilities measured at fair value and not measured at fair values as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

	Level 1 Quoted prices in active market	Level 2 Significant observable input	Level 3 Significant unobservable input	Total Fair Value	Total Carrying Amount
As at 31 December 2022					
<u>Financial assets not measured at fair values</u>					
Cash and cash equivalents	-	182,780,113	-	182,780,113	182,780,113
Loans and advances	-	-	730,481,513	730,481,513	730,481,513
Financial assets at amortised cost	-	-	-	-	-
Other assets	-	-	18,573,659	18,573,659	18,573,659
Total	-	182,780,113	749,055,172	931,835,285	931,835,285

Financial liabilities not measured at fair values

Borrowings	-	-	304,883,625	304,883,625	304,883,625
DBS bonds	-	-	241,805,985	241,805,985	241,805,985
Other liabilities	-	-	20,335,774	20,335,774	20,335,774
Total	-	-	567,025,384	567,025,384	567,025,384

As at 31 December 2021 (SCR)

Financial assets not measured at fair values

Cash and cash equivalents	-	53,056,926	-	53,056,926	53,056,926
Loans and advances	-	-	787,504,042	787,504,042	787,504,042
Financial assets at amortised cost	-	-	7,334,750	7,334,750	7,334,750
Other assets	-	-	18,435,765	18,435,765	18,435,765
Total	-	53,056,926	813,274,557	866,331,483	866,331,483

Financial liabilities not measured at fair values

Borrowings	-	-	409,419,155	409,419,155	409,419,155
DBS bonds	-	-	100,702,052	100,702,052	100,702,052
Other liabilities	-	-	9,146,780	9,146,780	9,146,780
Total	-	-	519,267,987	519,267,987	519,267,987

30.1 Methodologies and assumptions used to determine fair value of financial instruments which are not already recorded at fair value in the Statement of Financial Position are as follows.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost (e.g. fixed rate financing contracts, due to other customers, subordinate liabilities) are estimated based on the Discounted Cash Flow approach. This approach employs the current market interest rates of similar financial instruments as a significant unobservable input in measuring the fair value and hence it is categorised under Level 3 in the fair value hierarchy.

DEVELOPMENT BANK OF SEYCHELLES

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30 Fair Value of Financial Instruments (Cont...)

Sensitivity of significant unobservable inputs used to measure fair value of fixed rate financial instruments.

A significant increase/(decrease) in the market interest rate would result in lower/(higher) fair value being disclosed.

Assets for which fair value approximates carrying value

For financial assets and liabilities with short term maturities or with short term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

DEVELOPMENT BANK OF SEYCHELLES
 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2022

FIVE YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
Statement of financial position					
Share capital	39,200,000	39,200,000	39,200,000	39,200,000	39,200,000
Authorised	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Issued and fully paid	39,200,000	39,200,000	39,200,000	39,200,000	39,200,000
Retained earnings	280,500,546	265,630,959	256,917,088	246,022,039	243,060,562
Net assets employed	319,700,546	304,830,959	296,117,088	285,222,039	282,260,562
Statement of income					
Profit (loss) before taxation	14,869,587	8,713,871	10,915,049	5,057,182	26,446,317
Taxation	-	-	-	-	-
Profit/(loss) after taxation	14,869,587	8,713,871	10,915,049	5,057,182	26,446,317
Dividends	-	-	-	(2,115,705)	-
Transfer to statutory reserve	-	-	-	-	-
Retained Profit	14,869,587	8,713,871	10,915,049	2,941,477	26,446,317
Retained earnings 1 January	265,630,959	256,917,088	246,002,039	243,060,562	218,520,784
Adjustment on applying IFRS 09	-	-	-	-	(1,906,539)
Restated retained earnings - 31 December	280,500,546	265,630,959	256,917,088	246,002,039	243,060,562