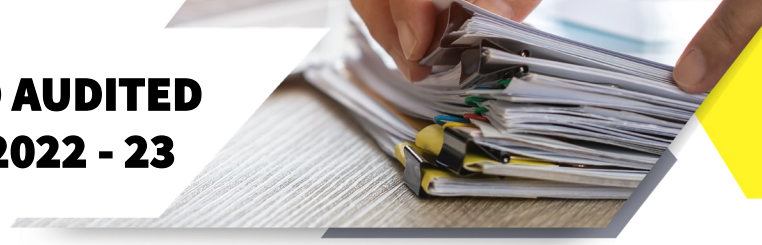




DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS 2022 - 23



Extracts from the Directors' Report 2022 - 23

During the year, the Bank worked towards the agreed strategic objectives outlined in the Bank's Strategic Plan for 2021-2024. Key Performance Indicators (KPI's) were set in line with these objectives to monitor and review the Bank's performance throughout the year, and whilst most of these were achieved during this reporting period, the economic climate in St Helena continues to be affected global issues, which has played a significant role in creating variances to targets set at the outset of 2022-23.

The performance of the Bank is very much influenced by the current economic climate which includes customer deposits, revenue generated and the Lending Portfolio.

The Bank made an operating profit of £340,874 for the year 2022-23 which was a decrease of £131,471 from 2021-22, with a 13% net profit margin and a cost to income ratio of 83%.

The Bank's total income, net of interest payable, decreased by £95,590 (3.4%). Interest received decreased by £119,997 (4.4%) from £2,715,577, to £2,595,580, with decreases in the interest from the Bank's Investment Portfolio, housing loans and commercial lending; whilst interest payable increased by £11,184 (3.5%) and is the result of the increase in customer balances during the year. Fees and commissions increased by £22,627 (7.3%), with the most significant increases being in commissions for Local Debit Card and foreign currency exchange, increasing by £13,594 and £10,518 respectively; and the most significant reduction being in remittance fees which decreased by £8,399. Other income increased by £12,964 (13.3%) from 2021-22; resulting from the fluctuation of foreign currency during the year. The Bank is aware of its exposure to foreign exchange risk and whilst payments will always need to be made, the Bank tries to minimise this exposure by reducing foreign cash holdings whilst still maintaining sufficient funds to service customer requests.

Investments are initially recorded at cost and subsequently measured at fair value with changes in fair value recognised in the income statement. The interest income from investments for the year ended 31 March 2023 was £1,588,780. The Bank monitors its cash holdings and operational requirements closely and additional funds will be invested when it is deemed appropriate. An additional £1.31m was invested during 2022/23.

The Lending Portfolio has continued to decline, with a decrease of £575,427 (3.9%), and is largely due to the current economic climate which, like the previous year continues to be heavily influenced by global issues. Whilst housing and personal loans collectively increased by £306,216 (2.8%), reductions were experienced commercial loans and overdrafts, decreasing by £553,395 (10.9%) and £31,540 (7.8%) respectively which indicates that the economy continues to have a negative impact on business customers and their appetite to borrow

Customer monies held by the Bank showed an increase of £330,493 (0.4%) at the end of 2022-23; with the Bank's higher earning interest accounts, Child Bond and New Life continuing to be popular with a collective growth of £335,047 (8.3%). The largest increases were in the accounts of St Helena Individuals and New Life accounts, which increased by £1,322,276 (3.6%) and £301,137 (10.3%) respectively, compared to 2021-22.

The Bank continues to work towards the Strategic Plan for 2021-24 which will guide its activities for the next year. The Bank is optimistic that over this period much will be achieved with the support of our customers, Shareholder, FSRA and various Stakeholders. A highlight for 2023-24 will be the launch of Tourist Cards, the Bank's innovative international payment solution on the Island, which will coincide with the Island's plans to encourage tourists back to St Helena. This innovative payment solution will allow safer transit of money for visitors and will benefit the Island's economy as it will provide visitors with a safer spending option as an alternative to physical cash. The Island continues to be affected by global economic issues which continues to increase inflation and has directly affected the operations and income of all businesses on the Island. This has in-turn disseminated onto the local population, with greater financial hardships being experienced. The Bank's priority areas remain securing a continuous service for all who rely on BOSH, providing financial assistance for personal and business customers, safety and security and ensuring that it retains the strength to be able to assist customers in the years to come.



Bank of St. Helena Ltd.

Established and regulated in St Helena under the Financial Services Ordinance, 2008 and 2017, the Financial Services Regulations, 2017, the Company Ordinance, 2004 and the Company Regulations, 2004



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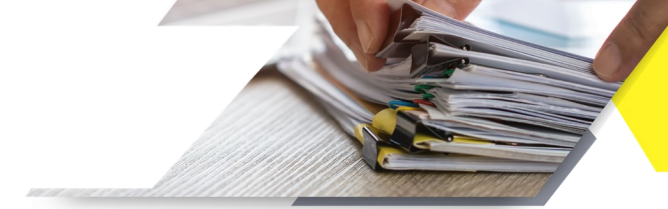


Bank of St Helena Ltd



DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS 2022 - 23

Extracts from the Directors' Report 2022 - 23



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Income			
Interest Receivable	5	2,595,580	2,715,577
Interest Payable	6	(334,708)	(323,524)
Net Interest Income		2,260,872	2,392,053
Fees & Commissions		331,016	308,389
Other Income	7	110,393	97,429
Total Income		2,702,281	2,797,871
Expenditure			
Employee Costs	8	890,498	820,453
Premises Costs		65,258	65,848
Investment Management Fees		155,474	132,108
Investment Amortisation		153,492	398,924
Depreciation Tangible Fixed Assets		136,545	107,731
Depreciation Intangible Fixed Assets		41,885	44,847
Bad Debt Provision		106,179	(37,537)
Audit Fees		32,000	31,000
Financial Services Authority Fees		23,000	23,669
Other Expenditure	9	643,451	581,034
Total Expenditure		2,247,782	2,168,077
Profit on ordinary activities, before taxation		454,499	629,794
Taxation	10	(126,589)	(147,378)
Deferred Taxation	21	12,964	(10,071)
Profit on ordinary activities, after tax		340,874	472,345

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible Fixed Assets	11	485,933	483,895
Intangible Fixed Assets	12	40,206	59,589
		526,139	543,484
Current Assets			
Cash	16	1,158,711	834,388
Bank Balances	17	3,794,163	4,171,239
Investments	14	68,061,348	67,306,640
Other Assets	15	3,911,332	3,349,036
Lending	13	14,254,929	14,830,356
		91,180,483	90,491,659
Total Assets		91,706,622	91,035,143
Liabilities			
Customer Current & Deposit Accounts	18	83,670,475	83,339,982
Other Liabilities	19	480,789	362,591
Total Liabilities		84,151,264	83,702,573
TOTAL NET ASSETS		7,555,358	7,332,570
REPRESENTED BY:			
Share Capital	23	3,219,285	3,219,285
Retained Earnings	24	4,336,073	4,113,285
Total Equity		7,555,358	7,332,570

The financial statements on pages 14 to 28 were approved and authorised for issue by the Board on 31 July 2023 and were signed on its behalf by:

G. B. Owen

Chairman

Date: 31/07/23