



2. Foreword from the Supervisory Board Chairman

When Arise was founded in 2016, its core business objective was to invest in Africa's local prosperity by partnering with sustainable, locally owned financial service providers to promote economic growth, spur job creation and help create an inclusive economy. Over the last five years Arise has made significant strides in terms of delivering on that mission and contributing to a sustainable financial services sector on the continent.

Developments over the past two years have been unprecedented, and looking back, it is unlikely that anyone could have predicted what lay ahead in the local and global financial services sector. Despite operating under these challenging conditions, Arise continued to make inroads in terms of delivering on its strategic objective of contributing to the economic development of Sub-Saharan Africa.

While the effects of the scale and pace of the unprecedented global COVID-19 pandemic continued to be felt by Arise's partner banks, the organisation managed to adapt and navigate this new change and support its partner banks in their respective business journeys. This is evidenced by the resilience and tenacity of the Arise partner banks, who managed to not only sustain their operations but to also future-fit their organisations for

continued growth and development. During the year under review the organisation has worked relentlessly to fulfil its mission to increase financial inclusion and employment off the platform of a sustainable African financial services sector.

On behalf of the Supervisory Board, I would like to congratulate the organisation on its achievements. The board is pleased with the 2021 performance of Arise and how the business has evolved and matured. I would also like to thank every staff member, who contributed to the organisation's success and once again commend Arise on adding value to its partner banks and their communities, whilst simultaneously meeting shareholder expectations.

Kind regards,

Mr Nhlanhla Nene
Arise Supervisory Board Chairman

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From an
Arise perspective
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2021 we successfully
delivered on this
ambition.”



3. Review by the Chief Executive Officer

The COVID-19 pandemic followed by the Ukraine-Russia war has triggered the deepest economic challenges of our time, exposing the weaknesses in the commodity supply lines that lead to disrupting economic activity, threatening job creation and economic prosperity, as well as threatening the global health of millions of citizens. This has had a tremendous impact in the Sub-Saharan African (SSA) region, where Arise operates.

In 2021, financial institutions in Africa along with the rest of the world continued to feel the long-term effects of COVID-19 on their operations, followed by the war extending the economic difficulties into 2022. To ensure their sustainability, businesses had to rethink the way they operated and develop ongoing innovative service offerings. Naturally this created opportunities for the African continent. Its leaders should therefore consider implementing policy changes to position SSA as a natural alternative for deconcentrating the commodity change risk going forward. This is applicable not only in manufacturing, but also in the agricultural sector, where Africa is the continent that could significantly contribute to addressing food security risks. It is of pivotal importance for the African continent to transform its economies to spur economic growth, job creation and food and health security for its fast-growing population.

From an Arise perspective a strategic imperative for the organisation is to play a major role in unlocking the potential opportunities in the SSA region through its investments. In 2021, we successfully delivered on this ambition through supporting our partner banks, by providing a suite of value creation collaboration opportunities. These services, which spanned across the spheres of cyber security, risk and governance, investments, banking development and ESG played a significant role in helping these banks to ensure their sustainability and advance their operations.

The recurring trend among our partner banks in 2021 was that several banks emerged stronger than before and have successfully advanced their service offerings and enhanced their digitisation initiatives. In addition to ensuring the bank's sustainability and profitability, many of these banks also positively contributed to socioeconomic upliftment in their respective countries.

Arise's Business Model and Investment Philosophy

Arise is a unique investment boutique firm with a long-term investment perspective. What sets us apart from our peers is that we are a trusted investment partner, with established and credible international shareholders. Our core mandate is to collaborate with local financial institutions in Africa and help them to become one of the leading institutions in their prospective countries. In this way Arise is helping to advance financial inclusion in Africa and contributing to a robust African economy.

Arise is also cognisant of the fact that change is occurring at a rapid rate and that organisations require alternative leadership, skills sets and technology to stay competitive in the market. As from 2022, Arise has adapted its way of working to enable the organisation to be more agile in the way that it supports its partner banks in adapting to the changing environment, whilst still ensuring that they are able to play an active role in the economies they operate in.

As a result, Arise has also expanded its investment scope and mandate to encompass the fintech and non-bank financial institutions market. This will enable Arise to not only deepen its capability to support its current partner bank portfolio, but to also add value and support economic development in SSA, through the introduction of new financial, agricultural, and regulatory/compliance delivery mechanisms.

Despite many partner banks operating in a challenging climate in 2021, both Arise and its partner banks have managed to successfully navigate the pandemic and emerge stronger than before and poised for future growth.

Throughout 2021 Arise managed to deliver on its business mandate through remaining focused on its three strategic pillars, which are characterised by the ethos of *Investment*, *Governance* and *Value Creation*. To enable us to provide a significant impact and encapsulate the fast-changing economic and business landscape, we have included in 2022 a fourth pillar to the strategy, *Collaborative Partnerships*.

Investment - Arise has a unique business model as a boutique investment firm

What sets us apart from our peers is that we are a long-term investor, we have established international shareholders and since inception have managed to grow our business and enhance our investment portfolio. Our investment mandate has evolved to encompass fintech and non-bank financial investments.

Governance - Arise is a solid business with reputable shareholders and an established investment track record

Since inception Arise has managed to deliver on its investment mandate and remain sustainable with high stakeholder value. In addition, Arise has a strong



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What sets us apart is that we are a trusted investment partner, with established and credible international shareholders.”

corporate governance that transcends into our investment portfolio through the Arise participating non-executive board members.

Value Creation - We are a minority investor, and our aim is to partner and collaborate with our banks and support their growth

Everything we do is aimed at adding tangible value to our partner banks and delivering on our strategic business objectives and growth in the value of our investment portfolio.

Collaboration - Alliances with shareholders and other strategic stakeholders

Enabling Arise to increase its value-addition capability and speed of initiating strategic change in its investment portfolio.

These pillars will enable Arise to deliver on its ambitions and growth in the value creation of its investment portfolio at a more rapid pace. In addition, it will also allow the organisation to move one step closer to its vision of contributing to the economic growth in SSA and the prosperity of its people, through increasing financial inclusion and employment, strengthening rural development and alleviating poverty.

Value Creation Initiatives – Partnering for Success

The following reflects a summary of several impactful initiatives undertaken in collaboration with partner banks for the reporting period:

Commercial value creation (strategic relevance for partner banks – strategic capitalisation)

Arise provided capital support to two partner banks through the formulation and disbursement of an AT1 loan, a perpetual instrument and the first issued outside of South Africa, to the value of USD 75 million. In addition, Arise subscribed to a bond issuance of another partner bank, equating to USD 7.5 million, aimed at supporting the bank to manage its USD exposure and their ability to increase their trade finance business. Arise further followed its rights for the same bank's capital increase raise, to the amount of USD 9 million.

ESG value creation (strategic relevance for partner banks – corporate sustainability, shareholder value, regulatory compliance)

Arise facilitated the presentation of an ESG Risk Management masterclass in conjunction with the International Finance Corporation (IFC), which was attended by 127 participants comprising of senior board members and executive management from our partner bank network. This event led to several exciting developments being undertaken by partner banks, primarily placing ESG firmly on the

management agenda of boards. Several engagements were undertaken aimed at developing and/or strengthening Environmental and Social (E&S) Management oversight within the banks. Arise continues to support partner banks in maturing this critical aspect of their operations, through regular interaction, advisory capacity, and training.

Governance

A detailed governance review was undertaken by Arise, in collaboration with a partner bank, as part of a broader Enterprise Risk Management review. Relevant governance and business integrity structures were reviewed leading to improvements being made in board sub-committee construct and a realignment of the mandates underpinning the board committees' mandates. Arise undertook a review of its board representative composition, nominating several new board representatives with domain speciality experience (e.g., technology, credit risk, banking commercial acumen, etc.). This approach has strengthened the board governance structure across several partner banks. Further, Arise participated in the recruitment adjudication process of key partner bank executive appointments, ranging from E&S Management, Risk, Credit and Technology leadership.

Innovation & banking development (strategic relevance – corporate sustainability, strategic risk, digitisation strategy)

The digital enablement of customer channels, business optimisation through technology, modernisation, cyber security practices, and data management practices were amongst the focal areas within this portfolio. Several banks benefited from the partnership with Arise, where, through collaboration, cyber risk was reduced, and significant cost savings realised.

Risk, compliance & credit management (strategic relevance – corporate sustainability, strategic risk, regulatory compliance, effective credit management)

Various strategic value creation activities were executed through the reporting period, including collaboration with partner banks spanning sectors of risk and compliance, credit management, liquidity management and risk-related data management. A key highlight for the year was the introduction of informative expert webinars and roundtable events, several of which were facilitated by Arise and supported by industry experts; these events were well received, spurring several post event discussions and resulting in various value creation initiatives.

Extending our Appreciation to our Stakeholders

I would like to extend our gratitude and appreciation to all our stakeholders, who supported us throughout 2021 in enhancing the strategic delivery power and value addition that is visible in the contribution of our partner banks in their respective economies. Times have been turbulent and would have been more so without our exceptional Arise team. I want to especially thank the highly professional and skilled staff that worked together in delivering on the results highlighted in this report.

My sincere thanks and appreciation also go out to our partner banks, which remain the heart of our business. Thank you for allowing us to partner with you to unlock the continent's economic potential. We look forward to being part of your business journey and collectively contributing to a sustainable African financial services sector for many years to come.

While we surpassed the results book in 2021, I am confident that with our highly motivated staff, alliance partners and our investment strategy, we will continue to add value to our partner banks and the communities they serve, whilst delivering on our mission of investing in Africa's local prosperity.

Kind regards



Albert Jonkergouw
Acting Chief Executive Officer



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Arise is cognisant that change is occurring at a rapid rate and that organisations require alternative leadership, skills sets and technology to remain competitive.”

A photograph of a woman and a man in a rural setting. The woman, on the left, is wearing a purple headscarf with yellow and orange patterns, a dark blue t-shirt, and a colorful patterned skirt. She is smiling and looking at a smartphone held in her hands. The man, on the right, is wearing a straw hat and a light grey tank top. He is looking at the phone with her. The background shows a lush green landscape with trees and a clear sky. The image is framed by a large, semi-transparent purple circle.

Our focus of three strategic pillars of Investment, Governance and Value Creation from past years now includes a fourth pillar of Collaborative Partnerships from 2022 onwards.