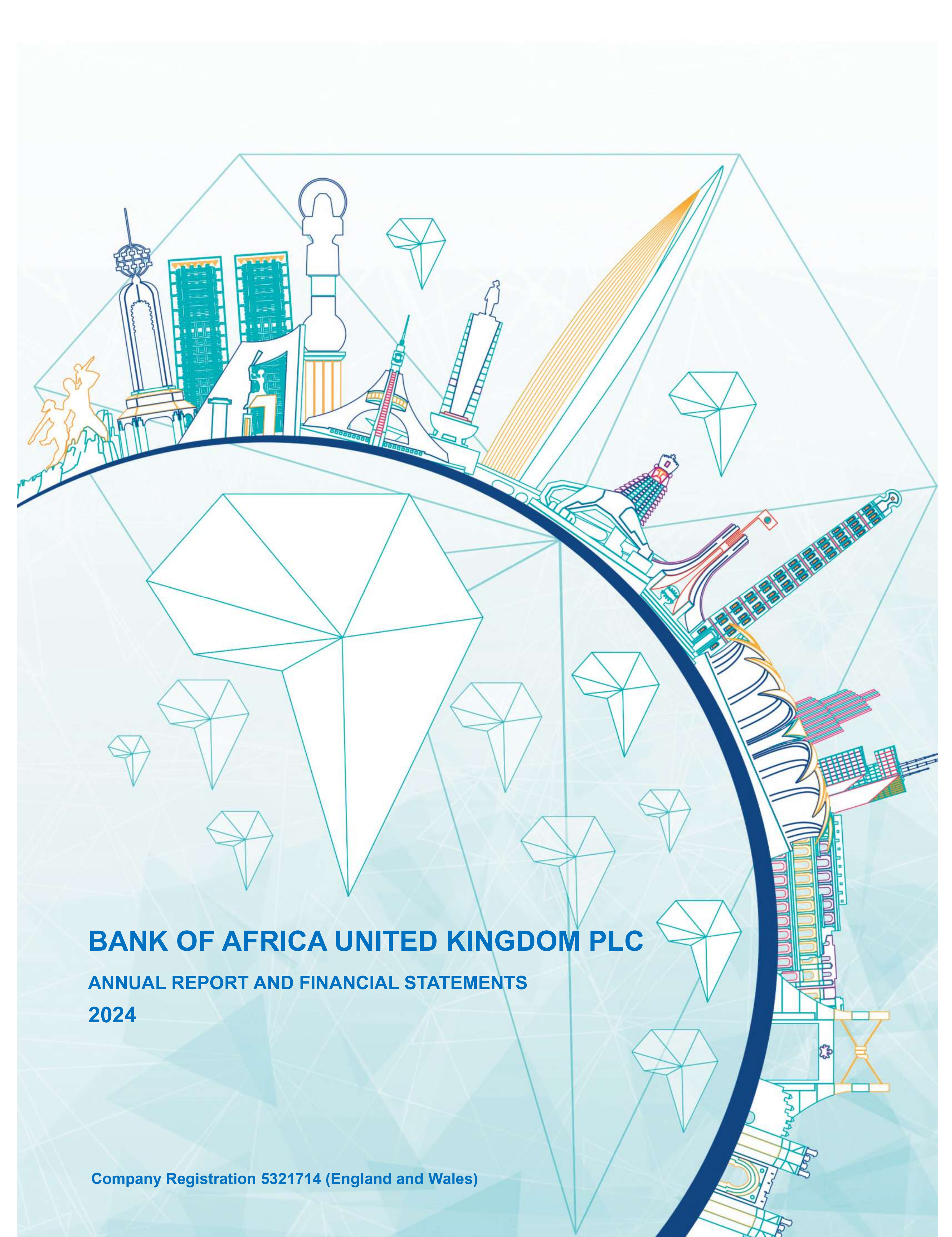
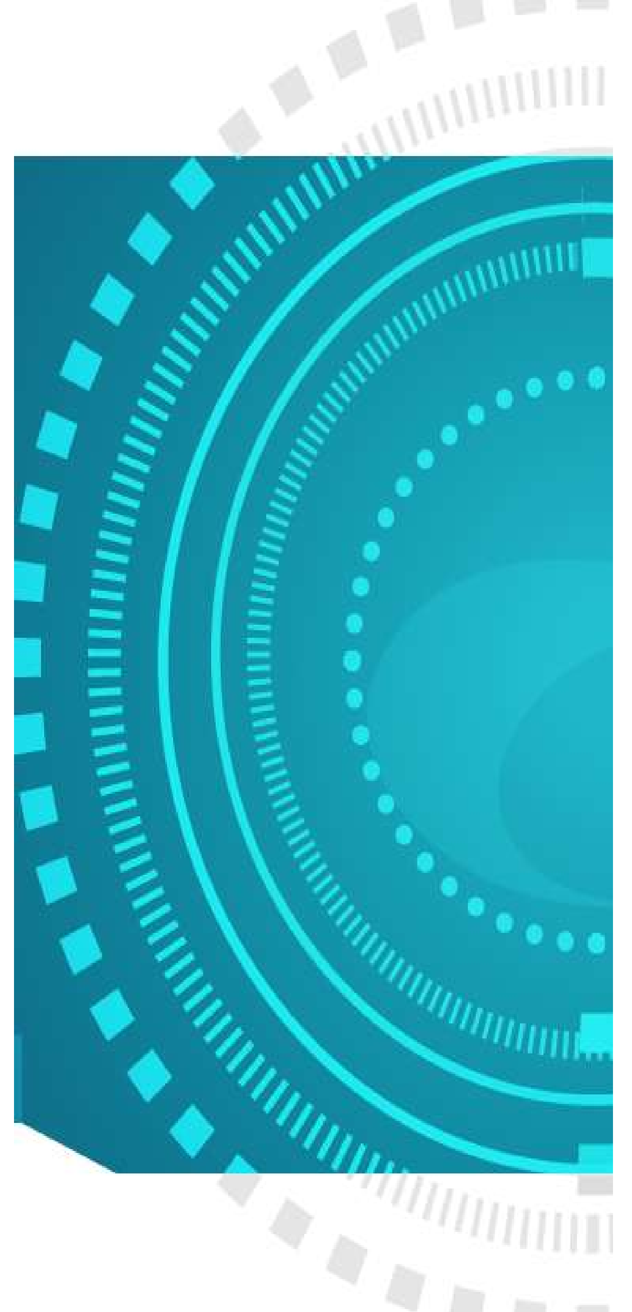


BANK OF AFRICA UNITED KINGDOM PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

2024

Company Registration 5321714 (England and Wales)



Contents

Officers and professional advisors - **03**

Chairman's statement - **04**

Chief Executive Officer's review - **05**

Strategic report - **06**

Statement of Directors' responsibilities - **26**

Directors' report - **27**

Independent Auditor's report - **30**

Statement of profit and loss - **39**

Statement of other comprehensive income - **40**

Statement of financial position - **41**

Statement of changes in equity - **42**

Statement of cash flows - **43**

Notes to the financial statements - **44**

OFFICERS AND PROFESSIONAL ADVISORS

Directors	Position
Walter Siouffi	Independent Non-Executive Director and Chairman of the Board
Said Adren	Executive Director and Chief Executive Officer
M'Hammed Brahim Benjelloun-Touimi	Non-Executive Director
Khalid Nasr	Non-Executive Director
Omar Lahbabi	Non-Executive Director
Zouhair El Kaisi	Non-Executive Director
(appointed on13 February 2025)	
Fabienne Baker-Menetrey	Independent Non-Executive Director
Richard William Lewis Groves	Independent Non-Executive Director
George Timothy Plews	Independent Non-Executive Director

Secretary Lucy Quirke

Auditors
Gravita Audit II Limited
Chartered Accountants and Statutory Auditors
Aldgate Tower
2 Leman Street
London
E1 8FA

Registered Office
37 Sun Street
London
EC2M 2PL

Bankers
Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP

Chairman’s Statement

Throughout 2024, Bank of Africa United Kingdom PLC (“the Bank” or “BOA UK”) made substantial progress in advancing its restructuring programme, initiated in 2023. The Bank effectively reduced high-risk assets, notably through the restructuring of its Ghanaian bond holdings, which contributed to an improved capital adequacy ratio of 24.13% by year-end, up from 23.8% at the close of 2023. Liquidity remained strong, with the net stable funding ratio increasing to 146%. The continued high level of deposits from the parent and Group entities underscores the robust support the Bank receives from its shareholder.

BOA UK maintained its core focus on Africa, playing a vital role in facilitating two-way trade flows with Europe and delivering tailored loan solutions. A significant achievement in 2024 was the successful arrangement of a $300 million loan for Africa Finance Corporation, a leading infrastructure finance provider on the continent.

The Bank strengthened its governance framework by welcoming Zouhair El Kaissi, Deputy Managing Director for Finance & Investments at the Group level, to the Board of Directors, subsequent to the year end. To bolster operational resilience, BOA UK completed a major migration to a new core banking system, significantly enhancing its management information systems in 2024.

On behalf of the Board, sincere appreciation is extended to the Bank’s staff for their dedication and hard work amid challenging political and economic conditions across its target markets. Gratitude is also expressed to the Bank’s clients for their continued trust and loyalty, and to my fellow directors whose collective efforts have been instrumental in repositioning the Bank for future growth.

Looking ahead to 2025, BOA UK is optimistic about the growth opportunities it plans to pursue. The Bank remains committed to navigating potential risks and uncertainties in both African markets and the global economy, adopting a strategic approach to asset growth while ensuring the continued sustainability of its restructuring efforts.

Walter Siouffi
Chairman of the Board

Date: 31 July 2025

Chief Executive Officer's Review

As we reflect on the past year, I am pleased to share the significant strides Bank of Africa UK has made in reinforcing the initiatives launched since January 2023 and achieving key milestones in our strategic transformation plan.

Firstly, we have embraced a revised business model, focusing on trade finance, foreign exchange activities, and fee generating business. We continue to foster synergies with Group entities and target customers with African financial institutions and businesses.

Moreover, our efforts to transform the Bank have led to significant improvements in our regulatory ratios, with CET1 at 17.83% and CAR at 24.13% as of the end of 2024. In parallel, our cost optimisation initiatives over the past year have resulted in substantial savings in the Bank's operating expenses, enhancing our operational efficiency.

Additionally, our IT transformation was marked by the launch of a new core banking system in 2024 and the enhancement of our Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT) framework providing our staff with automation and improved operational efficiency. Importantly, the transformation plan would not have been successful without numerous initiatives implemented to strengthen our corporate culture, resulting in notable improvements in employee engagement.

Finally, I would like to extend my gratitude to our staff and Board members for their continued support and trust in the journey of transforming Bank of Africa UK.

Said Adren

Chief Executive Officer

Date: 31 July 2025

Strategic Report

The Directors present their Strategic Report for Bank of Africa United Kingdom Plc (the ''Bank'' or "BOA UK") for the year ended 31 December 2024.

Bank's Strategic priorities and progress

➊ ***Organisation of governing bodies***

The governance structure of the Bank is represented by the following bodies:

- The Board of Directors consists of eight non-executive Directors, four of whom are independent non-executives and four of whom are non-executive Directors from the Group, together with the Chief Executive Officer (CEO) as Executive Director.
- The Board approves the overall strategy of BOA UK.
- Mr Zouhair El Kaisi was appointed as a non-executive director on 13 February 2025.
- The Risk Committee consists of two independent non-executive directors, with Richard Groves as Chair, and one non-executive director Omar Lahbabi who is the Head of Group Risk. The Chief Risk Officer (CRO) has a standing invitation to attend the Risk Committee meetings. Other members of the Board, the CEO and Chief Financial Officer (CFO) are also invited to these meetings. The Risk Committee monitors and assesses the adequacy and effectiveness of risk management policies and processes. It monitors the full range of risks, financial and non-financial, including credit, market, liquidity, funding, capital, operational and regulatory risks. Responsibility for the oversight of compliance, regulatory and conduct risk is shared with the Audit Committee.
- The Audit Committee consists of three independent non-executive directors including Fabienne Baker-Menetrey as Chair. The Head of Internal Audit had a standing invitation to attend Audit Committee meetings until the function was outsourced to Forvis Mazars LLP on the 29th April 2025. The internal auditors continue to have a standing invitation to the Audit Committee and Risk Committee meetings. The CEO, other members of the Board, the CFO, the CRO and the Head of Compliance are also regularly invited to attend these meetings. The Committee monitors the adequacy and effectiveness of controls, processes, integrity of financial statements and objectivity of internal and external auditors. All compliance and conduct related matters are also escalated to this committee.
- The Remuneration and Governance Committee consists of three independent non-executive directors and two non-executive directors from the Group with George Timothy Plews as its Chair. According to best practices, this Committee was established to ensure that remuneration arrangements support the Bank's strategic aims and enable the recruitment, motivation, and retention of senior executives, whilst also complying with the requirements of regulation. The Committee also oversees overall Board governance.
- Management committees involved in the decision-making processes of BOA UK are:
    - Management Committee
    - Asset and Liability Committee
    - Compliance Committee

All findings of the below management committees are reported to the Risk Committee.

- New Product Committee
- Large Exposure Committee
- Provisions Committee
- Credit Committee

Strategic Report (continued)

❷ ***Zurich Representative office***

Following the transfer of the BOA UK Dubai branch to BOA UK's ultimate parent, Bank of Africa S.A. ("**BoA SA**"), BOA UK's representative office in Zurich was also transferred to BoA SA effective 1 May 2024. On 30 April 2024, FINMA issued a license to BoA SA allowing it to operate as a representative office in Switzerland. This arrangement enables BoA SA to optimise its presence in Switzerland while allowing BOA UK to reduce its operating cost.

❸ ***Achievement of business objectives***

The current business strategy for the Bank, and its long-term success relies on generating value through:

1. Continuing to provide banking services for clients doing business with Africa.
2. Protecting the Bank's business with improved controls and strong compliance & risk management processes.
3. Creating group synergies by capitalising on the BoA SA brand to originate new customers. The Bank is developing its network and co-financing projects with other subsidiaries of BoA SA.
4. Limiting the activity on fixed income and to mainly focus on trade finance transactions.
5. Strengthening integration with the Group across a set of value chains – business and support lines – for optimal sharing of expertise and cost rationalisation.
6. Implementing an internal operational efficiency plan to improve the quality of operations.
7. Leveraging the Group's presence in Dubai and in Zurich to capture business flows.
8. Successfully increasing the Bank's customer base through referral of business to the Group and increasing revenues.

The Bank's business plan approved by the Board is to build a sustainable business incorporating the significant efficiencies expected after the successful roll out and implementation of the core banking system in February 2024 and further enhancements to the Bank's internal controls and governance structure.

❹ ***Diversification and risks***

The Bank's strategic priorities continue to be guided by a balanced approach to growth, risk management, and market positioning. In line with its long-term objectives, the Bank remains focused on maintaining a diversified portfolio while operating within a clearly defined risk framework. This ensures sustainability, resilience, and value creation across economic cycles.

Diversification: Emphasising the geographic and sectoral diversification of the Bank's "Target Market".

Risks: Maintaining the level of "Risk Appetite" as approved by the Board. The Bank has maintained strong risk management practices with risk limits aligned to a carefully considered business strategy.

Strategic Report (continued)

Directors' Duties and Engagement with Stakeholders - *Section 172 Statement*

The Directors present this statement describing how they have complied with the matters set out in Section 172 of Companies Act 2006 when performing their duty to promote the success of the company. This statement considers how the Directors have managed with and have had regard to the interest of stakeholders.

The Directors have acted in good faith to promote the success of the company for the benefit of its shareholders as a whole whilst having regard to the following requirements:

• the likely consequences of any decision in the long term;

• the interests of the company's employees;

• the need to foster the company's business relationships with suppliers, customers and others;

• the impact of the company's operations on the community and the environment;

• the desirability of the company maintaining a reputation for high standards of business conduct; and

• the need to act fairly as members;

The Directors also took into consideration the views and interests of a wider range of stakeholders including customers, employees, regulators and broader society. The following section summarises how the directors fulfil these duties.

Decision making in the long term

The Board considers and discusses information from across the organisation to help it understand the impact of the BOA UK operation and the interests and views of the Bank's key stakeholders. It reviews strategy, financial and operational performance as well as information covering areas such as key risks, legal and regulatory compliance. The Board receives this information through reports sent in advance of each Board meeting and presentations at Board meetings.

As a result of this, the Board has a broad overview of engagement with stakeholders, and sufficient other information that enables the Directors to comply with their legal duty under section 172 of the Companies Act.

Employees

The employees of the Bank are at the heart of its business and BOA UK behavior is aligned with the expectation of its staff. In order for the business to thrive, the Bank manages its peoples' performance, develops talents and maintains the highest level of culture, engagement and inclusiveness. The Bank has also taken the initiative to transform the overall culture within the Bank through an inclusive people strategy and long-term engagement. This objective will be achieved by conducting surveys and workshops within the Bank. This will help the Bank to identify key priorities, insights and actions on how each employee can make the Bank a best place to work. The Bank regularly provides employees with information on matters of concern to them and the support the Bank can offer where necessary. The Bank is an equal opportunities employer and committed to equality and diversity.

Customers

The Bank adopts a relationship-based banking model with a team of highly experienced relationship managers that interact with their customers regularly. This underpins the fact that the customers are considered as being at the center of everything the Bank does. Also, the Bank complies with requirements for treating customers fairly as provided by the Financial Conduct Authority (FCA), providing them with all relevant information and excellence in service.

Strategic Report (continued)

Business Relationship

The Bank's business model is focused on maintaining strong client relationships. The Bank equally values its suppliers and contractors and the important role they play in delivering services to the Bank. Also, in furtherance of the Bank's outsourcing and operational resilience guidelines, senior management maintains regular engagement with key strategic partners and suppliers and performs due diligence to ensure a good standard of service delivery. Reports of these engagements are provided to appropriate committees.

Community and Environment

The Bank's strategy is to always create positive changes for the people and communities it interacts with while taking into consideration the impact of its action on the environment.

Maintaining a reputation for high standards of business conduct

The Bank creates an environment of good culture and values, and a high standard of conduct. This has always guided the Bank in managing its success and measures the likely consequences of any decision in the long term and on stakeholders.

Regulators

Members of the Board and senior management have met with the Prudential Regulation Authority (''PRA'') and the Financial Conduct Authority ("FCA") on a regular basis during 2024. The Board takes steps to ensure the Bank complies with the Senior Managers Regime. In addition, the Bank communicates regularly with the regulators on its position and performance.

Economic overview

❶ ***African Environment***

The African survey reports a fragile economic recovery in Sub-Saharan Africa, with growth projected at 3% in 2024, up from 2.4% in 2023, driven by increased private consumption and investment. Inflation is expected to decline from 7.1% in 2023 to 4.9% in 2024 and 4.6% in 2025–26 due to tighter monetary and fiscal policies, stabilised currencies, and eased supply chain disruptions. Fiscal balances are improving as governments cut expenditures and raise revenues, but high debt service costs remain a challenge. The region's growth has been insufficient to reduce extreme poverty and boost prosperity, hindered by slow investment growth, conflicts, and climate change. The potential impact of the trade war triggered by the imposition of tariffs by the United States of America presents some head winds to the economic growth of the region if inflation goes up forcing interest rates to remain higher for longer. Further, the region's exports to the United States could be negatively impacted.

❷ ***International and Local Environment***

Global growth is projected at 3.3% both in 2025 and 2026, which is below the historical (2000–19) average of 3.7%. The forecast for 2025 is broadly unchanged from what it was in the October 2024 World Economic Outlook (WEO), primarily on account of an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. The trade war has brought some uncertainties to these projections as it is now probable that the world economy could slow down or even go into a recession, which although maybe shallow, could potentially last longer.

Strategic Report (continued)

Climate Change

The Bank is committed to providing financing to customers that meet the minimum applicable requirements in consideration of UK law on climate-related issues and managing climate risks and adverse impacts arising from the activities of its customers. The Bank is also committed to continually enhancing its approach to managing the financial risks arising from climate change in line with regulatory requirements from the PRA and FCA, on a proportionate basis to the size, scale, and complexity of its business model.

The Bank recognises the need for the wider global economy to reduce the use of fossil fuels and to transition to a low carbon, climate resilient economy. Therefore, the importance of reviewing the customers' climate impact and sensitivity to climate change is taken into account in order to understand the physical and transition risks related to their business models. The Bank is aware of the reputation risk of not complying with best practice, and the potential reputational damage of financing fossil fuels.

In enhancing the risk management framework to integrate climate-related financial risks, the Bank has recognised that climate change presents risks which cut across multiple traditional risk types. Climate risk can drive credit risk by causing losses that leave the Bank's clients unable to meet their obligations to repay and service debt. As the Bank does not engage in any proprietary trading, climate-related market risk is therefore limited to the debt exposures of sovereign and financial institution counterparties. Thus, the financial impact is similar to that of credit risk whereby the effects of climate change can reduce the value of collateral that the Bank can use to secure funding and access liquidity.

The Bank is specifically managing the financial risks from climate change in four broad areas:

- Governance –managing financial risks from climate change through Board level engagement and ensuring that these risks fall within the Bank's overall business strategy and risk appetite.
- Risk Management – addressing climate change risks through the Bank's existing risk management frameworks, in line with Board approved risk appetite, whilst recognising the nature of financial risk that requires a strategic approach.
- Scenario Analysis – conducting scenario analysis to develop the Bank's strategic planning and determine impact on the overall business strategy.
- Disclosure – consider the relevance of disclosing information and how these risks are integrated into the Bank's governance and risk management processes. These areas of responsibility have been integrated into the Bank's existing policies and processes and will continue to be enhanced as regulation and global commitment to climate change evolves.

Israel Gaza & Iran War / Russia Ukraine War

As these territories are not the Bank's primary markets, the Bank does not have any exposure to them. Furthermore, the Bank is continuously monitoring other emerging risks because of the conflicts such as higher inflation and oil prices and the likely impact on the Bank's business so that proactive action can be taken when required.

New Core Banking System

With effect from February 2024, BOA UK has successfully implemented a new core banking system (Temenos Transact) which replaced its existing systems and is expected to significantly improve efficiency.

Strategic Report (continued)

Risk Management Framework

BOA UK adopts the risk management model known as the 'Three Lines of Defence' governance model. Functions and teams in the first line of defence undertake frontline operational and support activities. In their day-to-day activities, these teams take risks which are managed through effective design and operations of internal controls. Guidelines set out in the PRA Rulebook and European Bank Authority ('EBA'') Guidelines on internal Governance require management to have in place effective processes to identify, measure, or assess, monitor, mitigate and report on risks (the First Line of Defence). The Risk and Compliance teams are in place to establish policy, provide guidance and to verify that policies and procedures are complied with across all risk categories (the Second Line of Defence).

Internal Audit acts as a third line of defence and provides assurance based on its assessment of the first two lines of defence (the Third Line of Defence). This model allows BOA UK to implement effective risk management and embed a risk culture.

The Board of Directors through the Board Risk Committee has oversight over the Bank's risk management processes. The Risk Committee has shared responsibility with the Audit Committee for Compliance, Regulatory and Conduct risk. The Risk Management Function, Credit Committee, Large Exposures Committee, Provisions Committee, Assets and Liabilities Committee (''ALCO''), various risk policies, Risk Appetite Statement, Recovery Planning, Business Continuity Planning, Operational Resilience, Enterprise Risk Framework, and various other governance documents are all an integral part of BOA UK's Risk management framework. The Risk Management function is based in London and oversees the activities of all front office functions including the branch in Paris.

The Bank's Internal Audit function, which forms the Third Line of Defence provides:

❶ **Objective assurance of the effectiveness of internal controls.**

❷ **Review and report on adherence to controls, policies, rules and regulations by the First and Second lines of defence.**

❸ **Robust challenge to management and identify potential control weaknesses and track remedial actions.**
To enhance the independence of the internal audit function, the Internal Auditors report to the Chair of the Audit Committee.

BOA UK is committed to ensuring that its risk management framework is robust, up to date and in line with best practice. The Bank periodically reviews its risk appetite and ensures that it is in line with the current environment, its strategy, and budgets. This is provided in both businesses as usual and stressed conditions.

BOA UK's lending portfolio continues to be diversified in terms of counterparty, sectors and countries of risk.

The Bank operates in three main product lines:

- Treasury & Capital Markets; focusing on spot and forward currency exchange and money market activities
- Loan Solutions
- Trade Finance

Strategic Report (continued)

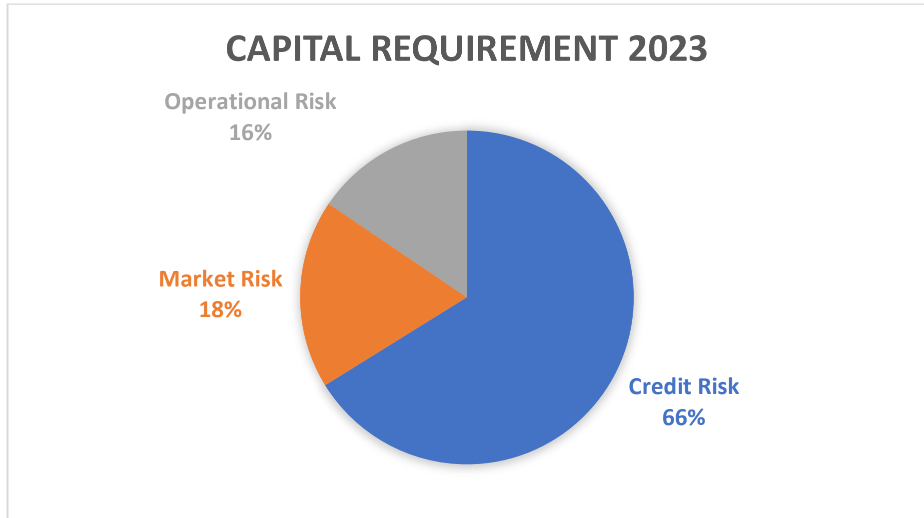
❶ ***Credit Risk***

Credit risk is the current or prospective risk to earnings or capital arising from an obligor's failure to meet the terms of a contract with BOA UK or its failure to perform as agreed.

BOA UK faces credit risk on its exposure to sovereigns, financial institutions and corporates from its treasury, corporate banking, and project finance businesses, and from its exposure to financial institutions and corporates from its trade finance activities. The Bank has a detailed credit risk policy providing an operating model and information on how the credit risk management processes are embedded in the business and overseen at the highest level within the Bank. The Bank runs periodic stress tests to measure the likely impact of credit risk, including the default of large exposures, on its earnings, capital and liquidity.

BOA UK continues to act in the financial markets, providing solutions, products, and services accordingly within the defined risk appetite and within the governance in place for approving credit risk.

Credit risk is the main user of capital in BOA UK as shown here below:



Strategic Report (continued)

BOA UK does not have significant open positions on Spot and Swap contracts. The activity coming from these products is all for underlying commercial transactions. The Bank engages in foreign currency swaps to manage funding requirements by specific currency. The capital requirement related to counterparty exposure for these products is calculated based on the standard approach and is not material.

❷ *Market Risk*

The Basel Accord defines Market Risk as "the risk of losses in 'on' and 'off' balance sheet positions arising from movements in the market prices". The five standard overarching market risk factors are:

- Interest rate risk - The risk that interest rate yield curves will change
- Currency risk - The risk that foreign exchange rates will change
- Commodity risk - The risk that commodity prices will change
- Equity risk - The risk that stock prices will change and
- Credit Risk - The risk that a financial obligation will not be fully repaid on maturity as reflected by a change in the credit spread.

The Bank is exposed to interest rate risk on its holdings of fixed income portfolio and foreign exchange risk from trading foreign currencies.

The financial instruments (bond) portfolio is treated as both assets held at fair value through other comprehensive income (FVOCI) and at amortised cost (AC) for the purpose of capital calculations.

The fixed income portfolio represents about 49% of the total balance-sheet. The interest rate risk on about 60% of this portfolio is managed by borrowing funds for a similar tenor. High risk bonds are being run off. The main consequence is a potential decrease of the mark to market position on the FVOCI portfolio which will have a positive impact on the Bank's capital resources. The Bank manages the bond position through stop loss limits. There are three limits in place. The first limit is based on portfolio year-to-date loss; the second limit is portfolio loss from date of original purchase and the third is based year-to-date stop loss limit per issuer.

The Bank also holds investment grade bonds as High-Quality Liquid Assets (HQLA) as at year end together with cash reserves in a Banque de France account. The Bank ensures it always has sufficient liquidity to meet short term obligations and deposit withdrawals.

Minimal currency risk will arise from the Bank's fixed income activity as the purchase of most securities denominated in foreign currency on a matched basis.

Currency risk will arise, however, from the Bank's trading in vanilla foreign exchange (mainly spot). BOA UK manages an open position within its risk appetite. It also arises from holding balances in foreign currency as well as a Euro denominated subordinated loan. The Bank manages currency risk through the use of position limits. These include intraday open position and overnight open position.

2(a) - Interest Rate Risk in the Banking Book (''IRRBB'')

The Bank defines IRRBB as the risk on BOA UK's capital and earnings arising from adverse movements in interest rates that might affect the banking book positions. IRRBB can be sub-divided into components, which include:

- Gap risk – arising from mismatches in the re-pricing schedules of assets and liabilities.
- Optionality risk – arising from optionality embedded in contracts and from certain derivatives.
- Basis risk – arising from assets and liabilities being repriced against differing benchmarks.

At a basic level, IRRBB arises due to mismatches in the re-pricing schedules of assets and liabilities. IRRBB is typically quantified in two distinct ways.

Interest rate risk in the banking book is the risk to earnings or capital arising from movement of interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among yield curves that affect Bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk).

Banking book includes amongst others the Bank's trade finance, money market and lending activities which are designed to earn a profit through the generation of fees and commissions and from the interest margin over the Bank's cost of funds.

Rising interest rates in the past few years has seen a squeeze on interest margins mainly on the fixed income portfolio. The remainder of the interest rates in the portfolio are floating rates that are repriced on regular basis. The impact on the fixed income portfolio is projected to ease as the portfolio runs off. Also, the Bank's forward-looking expectations are that interest rates have peaked, as BOA UK has started to see rate cuts as from the fourth quarter 2024.

1) Economic Value of Equity measures

An EVE approach evaluates the change in the net present value of all cash flows originating from banking book assets, liabilities, and off-balance sheet items resulting from a change in interest rates and assuming a run-off balance sheet.

2) Earnings-based measures

An earnings-based approach evaluates the change in earnings usually with a focus on net interest income over a particular time horizon as a result of a movement in interest rates and based on certain balance sheet assumptions (e.g., run-off balance sheet, constant balance sheet, dynamic balance sheet).

BOA UK's main interest rate risk (IRR) is the risk arising from the funding of loans and the bond portfolios. With most of the loan exposure being floating interest, this risk is mainly associated with the bond portfolio.

BOA UK IRRBB appetite is +/- 10% of Own funds and the ownership of the limit management is ALCO. If there is any change in BOA UK's strategy to incorporate fixed-rate lending in the banking book, the Bank will hedge its positions by matched funding wherever possible. The Bank also runs periodic stress tests to measure the likely impact of market risk on its earnings, capital and liquidity.

❸ ***Operational Risk***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or resulting from external events. The Bank uses the Basic Indicator Approach (BIA) to calculate its Operational Risk capital requirements. BOA UK continues to steer its operational risk carefully and according to best practices. The Bank's operational risk management is governed by its Operational Risk Policy.

BOA UK has an independent operational risk department sitting in the second line of defence and a well-defined operational risk framework. The Bank's operational risk framework aims to:

- Minimise losses generated by operational risk;
- Improve control of operations where necessary;
- Put in place adequate performance measurement and early warning signals; and
- Enhance operational risk awareness and culture.

Strategic Report (continued)

❹ ***Liquidity Risk***

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost. The liquidity ratios of the Bank have continued to be above the regulatory requirement as well as above internal risk appetite thresholds, showing a comfortable liquidity position.

The Bank monitors its liquidity very closely and within the risk tolerance thresholds. These internal limits are benchmarked against the Individual Liquidity Guidance to ensure they are at least as stringent. The Bank monitors its liquidity coverage ratio at consolidated level as well as at each material currency level.

❺ ***Funding Risk***

Funding risk is the inability to source, at reasonable cost, sufficient funding to finance business activities and illiquid assets. Consequently, the BOA UK deems funding risk as the possibility that the Bank will be unable to secure sufficient funds to meet its financial obligations to continue operations. The Bank's ability to raise funds could be affected by adverse changes in market conditions as well as its creditworthiness. The Bank's risk appetite statement further specifies funding risk metrices such as loan to deposit ratio and Parent funding as percentage of total funding. The Bank closely monitors these metrices as part of its overall risk framework. While the Bank has a significant level of funding from the Group, this risk is mitigated to some extent, by the long-term nature of the group funding (greater than 1-year). The Bank seeks to monitor funding concentration risk via the parent funding metric and adheres to a prudent loan to deposit ratio to limit the level of maturity mismatch thus ensuring a stable funding profile. The net stable funding ratio of the Bank has continued to be above the internal risk appetite limits, showing a comfortable Funding position.

❻ ***Regulatory Risk***

The Bank is exposed to the risk of failing to meet existing regulatory requirements as well as risks arising from changes in the regulatory environment. The Bank's risk appetite statement has zero tolerance to regulatory breaches. The risk of regulatory changes is managed by actively monitoring new regulatory rules and identifying significant regulatory risks. BOA UK continues to adhere to its regulatory requirements and has implemented clear risk appetite thresholds to manage its regulatory risk using well understood risk metrics.

❼ ***Compliance Risk***

Compliance risk is the risk of any governmental or regulatory penalties, economical loss or loss of reputation which the Bank may suffer because of its failure to comply with or breach of its compliance obligations. The UK regulatory regime has set the standards for conducts and observations of standard market practices. At the centre of the regulatory expectation is the Senior Management Certification Regime; which is an arrangement for holding Senior Management accountable for the outcomes of the Bank's conduct and practises within the regulatory environment.

The Bank's compliance function has been setup to manage the Bank's Compliance risks by defining relevant Compliance policies and procedures in line with the Bank's obligations. The Compliance framework responds to Financial Crime Compliance Risks.

Through the Board oversight function the Audit Committee and to some extent, Risk Committee, Compliance Committee and the Compliance department, the Bank performs its Compliance Risk Management function by promoting policies and procedures, advising business areas, Compliance risks assessments and monitoring and reporting of Compliance risks.

❽ ***Conduct Risk***

The FCA expects BOA UK to examine all conduct, culture, and behaviour that may affect the Bank, its customers and the wider financial markets it operates in. The Board takes a lead on Conduct Risk and:

Strategic Report (continued)

• Defines the responsibilities or duties of each director and evaluates their performance.

• Manages and approves reporting lines that seek to avoid conflict of interest.

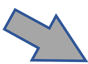
• Owns and monitors Conduct Risk via good corporate governance arrangements such as:

- Ensuring that regular Board and committee meetings are held, and;
- Ensuring that the 'tone from the top' sets a good example to all staff

Principal risks and uncertainties

The table below summarizes the principal risks and uncertainties.

Risk Increasing compared to 2023	
Risk Decreasing compared to 2023	
Risk is stable between 2023/2024	

Risks and uncertainties	Description / Component / Impact	Mitigation	Change 2024/2023
Risks			
Credit risk	• Description: Credit risk is the current or prospective risk to earnings or capital arising from an obligor's failure to meet the terms of a contract with BOA UK. The Bank faces credit risk on its exposure to sovereigns, financial institutions and corporates from its treasury, corporate banking, and project finance businesses, and from its exposure to financial institutions and corporates from its trade finance business. • Change: Risk decreased due to improved rating quality of the portfolio and decrease in stage 3 exposures. • Impact: Losses in notional. The losses if substantial can have an adverse impact on the Bank's solvency by depleting Tier One capital. Profitability will also be impacted through loss of interest income as interest is lost on defaulted loans.	• Country/counterparty analysis, Credit committee approval. • Single obligor limits to cap exposures to single name. Risk Management Unit in second line of defence which independently reviews applications submitted by the first line. • Use of collateral to secure exposures including immovable property, cash collateral and guarantees. • Use of credit risk insurance which transfers the risk from borrowers to insurance company.	

Strategic Report (continued)

Risks and uncertainties	Description / Component / Impact	Mitigation	Change 2024/2023
Risks			
Market Risk	• Description: The Basel Accord defines Market Risk as "the risk of losses in 'on' and 'off' balance sheet positions arising from movements in the market prices". The four standard overarching market risk factors are: 1) Interest rate risk — The risk that interest rate yield curves will change. 2) Currency risk — The risk that foreign exchange rates will change. 3) Commodity risk — The risk that commodity prices will change. 4) Equity risk — The risk that stock prices will change and • Change: Risk decreasing due to stabilising interest rates and increasing bond prices leading to reduced valuation losses. • Impact: Valuation changes of the fixed income portfolio impacting the other comprehensive income.	• Stop loss limits in place. • Short tenor restrictions on HQLA	↘
IRRBB	• Description: the risk on BOA UK's capital and earnings arising from adverse movements in interest rates that might affect the banking book positions. IRRBB can be sub-divided into components, which include: ➢ Gap risk – arising from mismatches in the re-pricing schedules of assets and liabilities. ➢ Optionality risk – arising from optionality embedded in contracts and from certain derivatives. ➢ Basis risk – arising from assets and liabilities being repriced against differing benchmarks • Change: decreasing due to reduction in fixed income portfolio and matched funding introduced in 2024. • Impact: Decrease in net interest income as net interest margin is squeezed resulting in decrease in net income.	• Use of floating interest rate pricing. • Use of matched funding.	↘

Strategic Report (continued)

Risks and uncertainties	Description / Component / Impact	Mitigation	Change 2024/2023
<u>Risks</u>			
Regulatory	• Description: The Bank is exposed to the risk of failing to meet existing regulatory requirements as well as risks arising from changes in the regulatory environment. • Change: Risk is decreasing. • Impact: Reduced profitability due to compliance costs, operational procedures and fines or other form of sanctions.	• Regulatory updates and internal control. • Monthly tracking of regulatory changes. • Zero risk appetite on regulatory breaches. • Internal communication/training.	
Liquidity	• Description: Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost. • Change: Risk decreased due to the increased inflows at of appropriate maturities as well as improved liquidity management by the Bank • Impact: Inability to meet obligations falling due	• Application and implementation of ILAAP. •Liquidity contingent plan and Liquidity support from parent	
Compliance	• Description: Compliance risk is the risk of any governmental or regulatory penalties, economical loss or loss of reputation which the Bank may suffer because of failure to comply with or breach of its compliance obligations. • Change: The risk was stable due to decreased business activity as well as embedded compliance culture. • Impact: Sanctions, regulatory fines, enforcement action or suspension of licence, financial loss and loss of reputation.	•The Bank's Compliance Frameworks and Financial crime controls provides the range of due diligence requirements concerned with the bank's activities. •The Governance framework has set a financial crime risk appetite process which progressively assess activities within the business against key performance benchmarks. •Ongoing risk assessment and control review to ensure that the Bank's compliance programme is aligned with regulatory developments.	

Strategic Report (continued)

Risks and uncertainties	Description / Component / Impact	Mitigation	Change 2024/2023
Risks			
Operational	• Description: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. • Change: Risk remain stable as the number of reported operational incidents remained about the same and no operational risk losses were incurred in both 2023 and 2024. • Impact: reputation damage, financial loss; legal action; regulatory breaches leading to fines or sanction; loss of business low staff morale leading to loss of key staff.	• Operational risk framework defined by the Operational Risk Policy Operational risk root cause analysis. • Staff training. • Implementation of internal audit recommendations. • New core banking system with controls has been implemented. • Risk & control self-assessments	→
Funding	• Description: Funding risk is the inability to source, at reasonable cost, sufficient funding to finance business activities and illiquid assets. Consequently, we deem funding risk as the possibility that the Bank will be unable to secure sufficient funds to meet its financial obligations to continue operations. • Change: The Bank's funding profile was stable. • Impact: Inability to secure sufficient funds to meet financial obligations to continue operations.	• Term funding from Parent with long term commitment • Focus on short term trade finance • Continuous plan to diversify the funding profile of the Bank.	→
Uncertainties			
Economic difficulties in African countries and geopolitical developments around the world	• Description: Lower growth in Africa • Component: Bearish commodities market; low oil market. • Impact: Lower banking income • Rating Downgrades	• Focusing on self-liquidating trade finance transactions • Close monitoring • Focusing on short-term trade finance	

Strategic Report (continued)

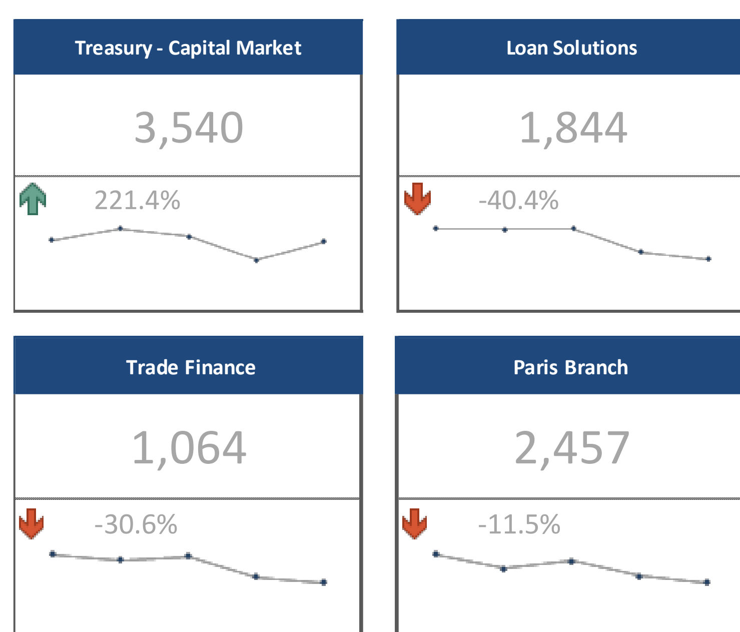
❾ ***Significant accounting judgements:*** The Audit Committee has considered the key areas of estimation and judgement applied in the financial statements as set out in note 3. The considerations for the most significant areas for 2024 included:

Key area	Actions taken
IFRS 9 standards (business models, probability of default, loss given default, etc)	• The Audit committee has considered management's key judgements used to establish the appropriate level of expected credit loss allowances on the Bank's portfolio. The Audit Committee considered the range of estimates as disclosed in note 33 - credit risk.
Deferred Tax Asset	• The Audit committee considered the recoverability of deferred tax asset by reviewing forecast profitability and considering the sensitivities to those forecasts on the period to recover the deferred tax asset.
Estimate the incremental borrowing	• The Bank uses incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
Impairment test of the Goodwill	• The Audit Committee considered the contribution of "Corporate Banking" and "Treasury & Capital Markets" the two Cash Generating Units (CGUs) for the valuation of the Goodwill and consequently concluded that no additional impairment was necessary.
Effective Interest Rate	• The Bank uses effective interest rate ('EIR') to calculate the interest income/ interest expense on financial assets and financial liabilities respectively. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to net carrying amount of the financial asset or liability. it reflects the true economic cost or return of the instrument considering all contractual terms, including fees, transactions costs, premiums, and discounts.

Strategic Report (continued)

Development and performance by business lines for the year 2024

£'000	**2024**	**2023**
Profit on FX	2,528	1,261
Profit on bonds	(121)	(6,148)
Money Market	1,133	1,972
Treasury – Capital Market	**3,540**	**(2,915)**
Loan Solutions	1,844	3,095
Trade Finance	1,064	1,534
Paris branch	2,457	2,776
Corporate Banking	**5,365**	**7,405**
Subordinated debt interest not allocated	(307)	(312)
Net operating income	**8,598**	**4,178**



Strategic Report (continued)

Treasury – Capital Market (TCM)

Net Operating Income generated by TCM depicts a significant increase in 2024 as compared with 2023, mainly due to the one-off loss of £4.67m accounted for in 2023 on the sale of bonds and reversal of interest income due to two of the African sovereign bonds held by BOA UK being in default. In 2024, none of the bonds are being sold before its maturity and Interest income has been recognized for non-performing bonds in line with IFRS 9 which were not recognized in 2023 being prudent. Profit on FX income has also improved due to increase in number of FX transactions.

Corporate Banking

Loan Solutions & Synergies (''LSS'')

Revenues for LSS amounted to £1.8m at the end of 2024 compared to £3.1m in 2023, a decrease of 41%, mainly due to a slowdown in new loans booked. This gradual decline in exposures was part of the bank's strategy to sell the exposure to improve capital efficiency from Q3 2023.Bank has a plan in place to rebuild the LSS book from Q4 2025

Trade Finance

Performance in 2024 has declined compared with last year at £1.06m (2023: £1.53m) due to lower exposures booked for the same strategical reasons as given above. The Bank continues to rely on the contributions of its sister banks, namely Bank of Africa offices in Shanghai, Madrid, and by the Group Head Office in Casablanca and its branch in Dubai for Trade Finance transactions. The aim of the Trade Finance desk is to form strategic partnerships with both existing and new clients to achieve higher growth in 2025.

Paris branch

The Paris branch has continued to contribute to the Bank's revenue through the support of its Corporate & Financial Institutions clients as part of its strategic Trade Finance and Correspondent Banking activities which are only offered to banks within the Bank of Africa Group. The operating income of the Paris branch has also declined by 10% as compared with last year.

Profitability analysis

During the year ended 31 December 2024, the Bank has given the priority to reinforce its compliance framework by deploying several actions targeting the improvement and efficiency of its AML control processes and trade transactions quality assurance. It is worth noting, that due to this regulatory prioritization, the business growth has been impacted over the year. The Bank has incurred a net profit of £1.8m for the year ended 31 Dec 2024 as compared to a loss of £13.9m in 2023.

Net interest income for the year has declined by 16% as compared with 2023. mainly due to slow growth in the high margin earning assets as the bank has mainly focused on the retransformation of existing IT systems (including a new core banking system) amongst other fundamental changes. From Q4 2025, Bank will start rebuilding the asset book in line with the bank approved strategic plan and is aimed at preparing the Bank for sound and sustainable growth of its business in future years in accordance with the Bank of Africa Group's strategy.

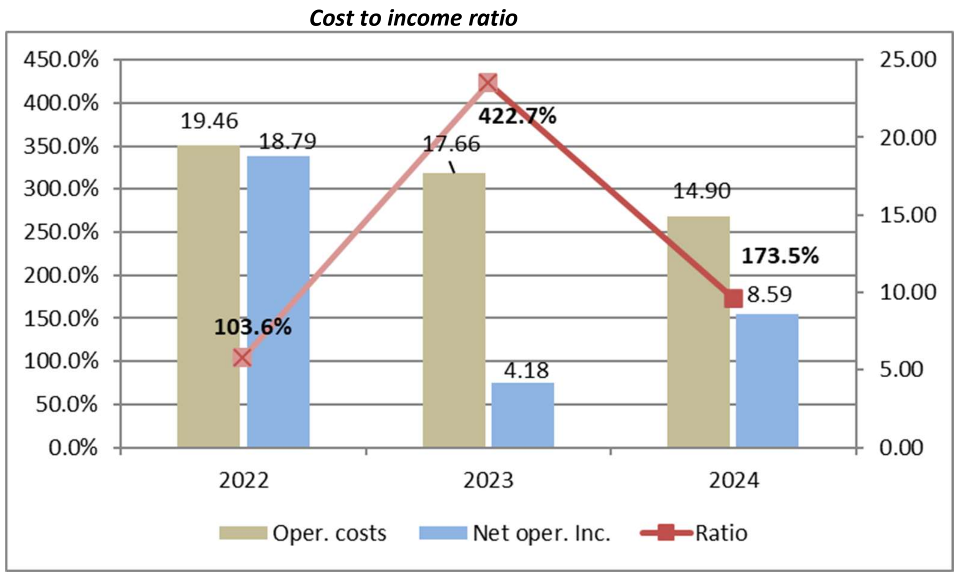
Net commission and fee income has increased by £1.2m mainly due to decline in insurance cost as the insured exposures have declined significantly since Q2 2023.

Strategic Report (continued)

Net trading income shows an increase by largely due to the loss of £4.67m accounted for in 2023 on the sale of bonds.

Operating costs have reduced to £14.90m in 2024 from £17.66m in 2023 mainly due to a reduction in the staff cost of 18.2% as a result of a downsizing program completed in 2023. The Bank has also managed to reduce consultancy, professional and legal costs. The cost to income ratio of the Bank is 1.7 in 2024 as compared to 4.2 in 2023; mainly due to lower operating income as explained in the profitability analysis section. Historical trends of the last 3 years are depicted in the chart below (£millions):

Cost to income ratio

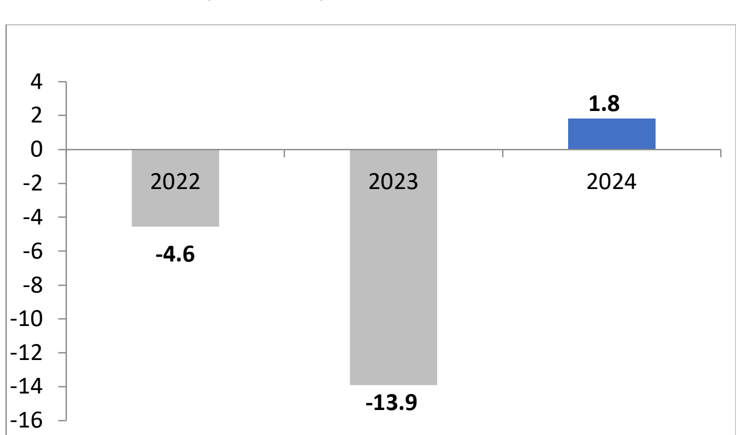


The change in impairment provision to £3.5m (2023: £0.42m charge) is mainly as a result of provision reversals due to the restructuring of Ghana bonds and due to recovery from one corporate and one financial institution customer.

The Bank has also recognized the deferred tax asset of £4.6m on carried forward losses of £51.7m where the directors believe it is probable that these will be recovered within the next 13 years. In assessing the probability of recovery, the directors have reviewed the bank's 4-year strategic plan.

The Bank's profit for the year after tax amounted to £1.8m (2023: loss £13.9m). Historical trend of last 3 years is depicted in the below chart (£millions):

Profit/(Loss) after tax (£'m)



Strategic Report (continued)

Balance sheet analysis

The overall assets of the Bank increased to £292m from £254m last year mainly due to deployment of excess liquidity in short term placements and purchase of FVOCI bonds to meet the liquidity requirement of the Bank. Overall, trade and corporate loans remained at the same level as last year.

Deposit liabilities from banks increased by 27% to £153.3m (2023: £120.9m) as a consequence of short-term borrowings from the group entities.

Total shareholder's equity increased to £68.2m (2023: £65.5m) mainly due to improvement in the mark to market loss of FVOCI securities and increase in the current year's profitability.

Capital Management

The Bank's regulatory capital consists of the sum of the following elements:

- **Tier 1 capital** (all qualifies as Common Equity Tier 1 (CET1) capital) - it includes ordinary share capital, retained earnings, reserves and other comprehensive income (OCI) after adjustment for deductions for goodwill and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

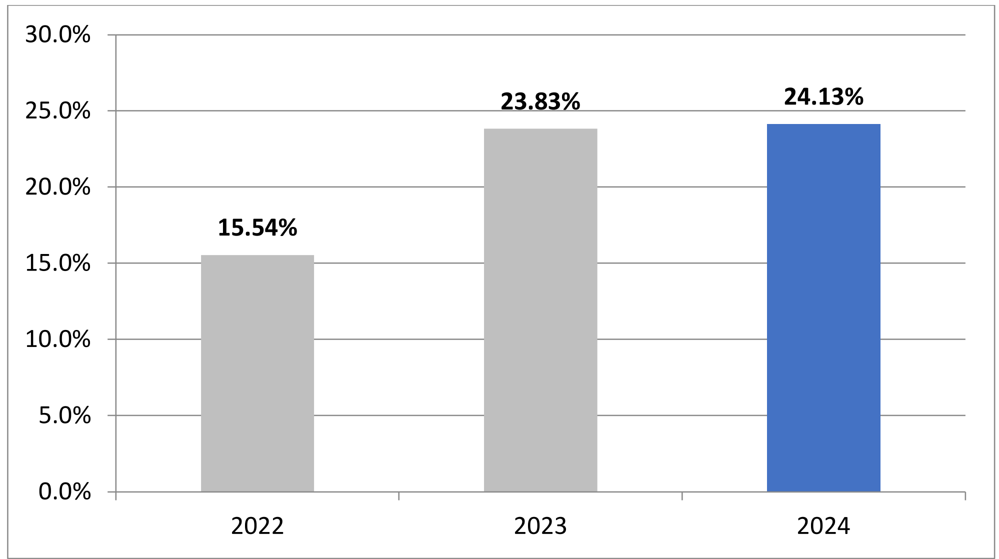
- **Tier 2 capital** - it includes qualifying subordinated liabilities.

£'000	**2024**	**2023**
Tier 1 Capital	41,440	44,826
Tier 2 Capital	14,643	15,371
Own funds	56,083	60,197
Required capital	34,629	37,133
Surplus capital	21,454	23,064
Risk weighted assets	232,412	252,608
Tier 1 capital ratio	17.83%	17.75%
Capital Adequacy Ratio	**24.13%**	**23.83%**

As at 31 December 2024, the Bank has recorded a capital adequacy ratio of 24.13% (2023: 23.83%) with a core Tier 1 capital ratio of 17.83% (2023: 17.75%). The Bank has adequate surplus capital available against a regulatory minimum capital requirement set by the PRA after the review of the Bank's own capital assessment. Capital requirement comprises of Pillar I and II including buffers.

Strategic Report (continued)

Historical trend of the Capital Adequacy Ratio (CAR) for last 3 years is depicted in the below chart:



Liquidity and funding

The Bank's funding strategy continued to rely on funding from the Group. The Bank continued to maintain a reserve account with the Banque de France and to hold high-quality, unencumbered liquid assets in line with the regulatory buffer asset requirements. In addition, highly liquid money market instruments were held to support liquidity requirements.

Other key performance indicator

Return on Equity (ROE) increased to 2.66% (2023: -19.90%). ROE is calculated based on profit after tax divided by average equity.

Return on Assets (ROA) has increased to 0.65% (2023: -3.96%). ROA is calculated based on profit after tax divided by average total assets. Key reason for increase in ROE and ROA is discussed in the profitability and balance sheet analysis section.

Liquidity Coverage Ratio (LCR): This represents the ability of the Bank to maintain an adequate level of unencumbered assets that can meet its liquidity needs for a 30- day period under a severe stress. The Bank maintained an LCR ratio of average of 228% (2023:357%) throughout the year, which is above the regulatory requirement of 100%.

Net Stable Funding Ratio (NSFR): The objective of the NSFR is to ensure a bank holds sufficient stable funding considering its assets and off-balance sheet items; banks must maintain a NSFR of at least 100%. The Bank maintained a NSFR of 146% as at the year-end (2023: 126%).

Capital Adequacy Ratio (CAR): is a measure of the Bank's total available capital to its risk weighted assets (RWA). The RWA in 2024 were £20.1m lower than last year due to overall decline in high-risk portfolio. Due to reduction in RWAs, CAR of the Bank has increased to 24.13% as compared to 23.83% last year.

Signed on behalf of the Board

Said Adren
Chief Executive Officer and Director

Walter Siouffi
Chairman of the Board

Date: 31 July 2025

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards (IFRS) in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and the profit or loss of the Bank for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business or unless they intend either to liquidate the Bank or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board

Said Adren
Chief Executive Officer and Director

Walter Siouffi
Chairman of the Board

Date: 31 July 2025

Directors' report

The Directors of Bank of Africa United Kingdom Plc present their Directors' report for the year ended 31 December 2024. As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been included in the Strategic Report on pages 7 to 26. These matters relate to Future Developments; and Financial Risk Management.

Principal activities

The Bank is authorised and regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

The Bank's principal activities are Corporate Banking, focusing on trade, structured and project finance and corporate lending for target customers based in Africa or with an interest in the region and Treasury and Capital Markets, focusing on currency and interest rate markets of the region.

The Bank operates in the United Kingdom and in France through a branch. The representative office in Zurich was attached to the BOA SA effective May 1, 2024. On April 30, 2024, FINMA issued a licence to BOA SA allowing it to operate as a representative office in Switzerland. This arrangement enables BOA SA to optimise its presence in Switzerland while allowing BOA UK to reduce it operating costs.

Business review

Bank of Africa United Kingdom Plc is an authorised credit institution and provides a range of banking and financial services. There have not been any significant changes in the Bank's main activities in the year under review except for the changes highlighted in the Bank's strategic report on Page 9 and 28.

A four-year business plan has been approved by the Board in February 2025. The objective of Bank's business plan is to structure and sell banking products in Africa to corporations, public sector entities and governments. The Board assesses the business plan on an annual basis.

The Bank invests significantly in its IT systems with the objective of improving its business and financial performance monitoring with a new core banking system having been rolled out and implemented in February 2024. The Directors regard such investment as necessary for improving expectations on the future of the business.

Results and dividend

The Bank's profit/(loss) for the year after taxation amounted to £1.78m (2023: Loss £13.99m).

The Directors do not recommend the payment of a dividend for the financial year 2024 (2023: £Nil).

Capital Structure

The Bank's capital structure remains unchanged. As at 31 December 2024, the maturity of €17.70m (equivalent to £14.48m) subordinated debt remains until 2032.

Allotted, called up and fully Paid-up Capital of the Bank at the end of the year was £102.17m (2023: £102.17m) and Total Equity of £68.17m (2023: £65.53m).

Pillar 3 disclosures

Further information regarding the Bank's approach to risk management and its capital adequacy is contained in the unaudited Pillar 3 disclosures made under the current regulatory capital requirements.

These disclosures will be published on the Bank's website shortly after the approval of these financial statements at https://www.bankofafricaunitedkingdom.co.uk

Directors' report (continued)

Directors

The Directors, who all served throughout the year, unless otherwise shown are as listed on page 4 of the report. During the year under report, the Board held 6 meetings.

Directors' interests

None of the Directors has, or had during the year under review, any beneficial interest in the shares of the Bank.

Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Bank's Articles of Association ('Articles'), and the Bank has maintained throughout the year Directors' liability insurance for the benefit of the Bank and the Directors.

The Bank has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Going concern basis of accounting

The Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the financial statements.

The Directors consider that there is no material uncertainty on going concern.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows and capital resources, support from its parent company and the longer-term strategy of the business.

The Bank's capital and liquidity plans have been stress tested under a range of stressed scenarios and have been reviewed by the Directors.

Having obtained confirmation of continued support from the parent company and having assessed their ability to provide such support to the Bank, if the need arises, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operation and meet its liabilities as they fall due.

The Directors also concluded that both capital and liquidity forecasts remained within present regulatory requirements, over the period assessed and believe that it remains appropriate to continue to adopt the going concern basis in preparing these Bank's financial statements.

Directors' statement of disclosure to auditors

Each of the Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Bank's auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Bank's auditor is aware of that information.

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

Directors’ report (continued)

Auditors

A resolution to appoint the auditors will be considered at the next annual general meeting.

Signed on behalf of the Board

Said Adren
Chief Executive Officer and Executive Director

Walter Siouffi
Chairman of the Board

Date: 31 July 2025

Independent auditor's report to the members of Bank of Africa United Kingdom PLC

Opinion on the financial statements

We have audited the financial statements of Bank of Africa United Kingdom PLC (the 'company', the 'bank') for the year ended 31 December 2024 which comprise the Statement of Profit and Loss, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, considering the structure of the company, the accounting processes and controls, the industry in which they operate and assessing the risks of material misstatement in the financial statements.

As part of the audit process, there has been a number of challenges encountered during the audit processes which required further considerations by the management team and ultimately led to a significant number of adjustments to the financial statements as being necessary, including prior period adjustments. As a result of these matters, the company was unable to submit signed audited accounts to the PRA within the required timeframe.

As a result of the matters identified and the additional level of risk assessed in certain areas along with significant delays in obtaining audit evidence of sufficient quality, we increased the size of the audit team, carried out additional consultations on certain matters and performed additional audit procedures where necessary to obtain sufficient and appropriate audit evidence to support our opinion. This resulted in an adjustment to our initial planned audit approach and timetable.

Key audit matters

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

Key Audit Matters	How our scope addressed this matter
Revenue Recognition The Bank's interest income is recognised in accordance with the effective interest rate ('EIR') method. Most of the bank's revenue is system generated and subsequently fee and interest income are manually adjusted to ensure compliance with the EIR method. Judgement is required to determine whether fees and commissions are recognised as part of EIR or recognised when the service has been performed. Revenue is therefore considered to be a significant risk in respect to EIR calculations and interest income adjustments.	For a sample of contractual interest income, a manual recalculation of the interest income was carried out and agreed to the general ledger. Key inputs in this calculation such as the principal amount and the interest rate were verified by vouching to supporting documentation such as client agreements. For a sample of counterparties, we performed manual re-calculations of the contractual interest income related to bonds and verified inputs to principals, interest rates and supporting documentation. A sample of fees were also agreed to agreements and were tested to ensure that they were recognised in accordance with the EIR method. The stated revenue recognition policies were reviewed to check compliance with IFRS 9 and IFRS 15 and the application corroborated throughout the testing approach, which included an assessment of whether management includes the appropriate fee cash flows within the calculation of the EIR. **Key observations:** Based on the work performed, we consider the application of EIR accounting appropriate and in line with the requirements of IFRS.
Expected credit loss provision The provision of credit services to banks and corporate customers is one the banks main activities. The loan loss provision is a material balance that is subject to management's judgement and estimation, and as the bank is required to assess recoverability of the loan portfolio (per IFRSs), the expected credit loss (ECL) provision for all performing loan books collectively, taking into account IFRS 9 compliance by reviewing staging and also macro-economic factors including Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Given the estimations and judgements involved in calculating the ECL, it is considered a significant risk.	We vouched the exposures per the ECL working to the trial balance for completeness. Our testing in relation to loans to customers and banks, and bonds has been performed on the balances per the ECL breakdown as these are final figures and these have been audited via confirmations and obtaining supporting documentation confirming the Exposure at Default (EAD). We evaluated whether the definition of default used by the Bank is in accordance with the accounting standard. We selected a sample of Stage 1 and Stage 2 loans to test the application of Significant Increase in Credit Risk (SICR) and the adequacy of the ECL by reference to the performance of the loan, collateral and potential recovery strategy. For Stage 3 loans, we tested the default trigger and management's strategy for recoverability. We reviewed the credit risk committee board meeting minutes to confirm updates on Stage 2 and Stage 3 loans and evaluated and challenged what constitutes a SICR.

	We reviewed disclosures in the financial statements relating to the recognised provision for loan exposures for compliance with statutory requirements, disclosures required by IFRS and the entity's own policies. We challenged the internal credit ratings determined by management for both entities and countries. We enquired with management about the reasons behind using the ratings and collaborated this with independent news reviews and subsequent financials With support of external IFRS9 modelling and economic experts we: Reviewed the model methodology, including review of the input parameters: PD, EAD and LGD. Assessed macro-economic adjustments for appropriateness with review of the following: baseline projections, alternative economic scenarios, and validation of weightings/scenario severity mix. Assessed the reasonability of multiple economic scenarios including the number, weighting and probability changes and performing sensitivity analysis. Assessed the appropriateness of using third parties such as S&P for calculating internal risk. **Key observations:** Based on the audit work performed, we consider the expected credit loss provision to be reasonable and consistent with the requirements of IFRS 9.
Due from banks, loans and advances to customers The Bank has accounts with customers and other banks where significant transactions take place daily and reconciliation for accurate balances in the financial statements are required. There can be procedural delays in performing these reconciliations or reconciliations are not performed and this can impact cash balances and loans or other amounts. A delay can in turn lead to needing correcting adjustments to those balances. The main lending products included are loan solutions and trade finance.	A sample of balances were selected from the general ledger and third-party confirmations were obtained to confirm the existence and accuracy of these balances. In instances where third-party confirmations were not obtained for amounts due from banks and loans and advances to customers, supporting documents such as letters of credit and loan agreements were obtained, and the balances were recalculated. Interest receivable balances were recalculated and agreed to the balances in the trial balance. Many variances were noted when interest receivable balances were recalculated and compared to this to the amounts per the trial balance, including some interest receivable balances which should have been cleared due to deals being matured. Various adjustments were proposed, which have been acknowledged and posted by management.

	For all Nostro accounts we sent external confirmations to obtain evidence over the existence and accuracy of balances. We obtained the Bank's reconciliations for all accounts and investigated reconciling items. The audit team proposed adjustments to clear items on the Nostro reconciliations which pertained to items settled in 2024, however these were mainly balance sheet reclassifications and did not impact the P&L. The audit team have also tested the payments and settlement process through walkthroughs and tests of design and implementation to cover loans, deposits, trade finance and other financial instruments. **Key observations:** Based on the audit work performed and the subsequent adjustments noted above being made, the amounts reflected in 'Due from banks' and 'Loans and advances to customers' have been appropriately stated.
Impairment of goodwill The carrying value of the Bank's goodwill is resulting from historic business combinations is £8.3m, net of £4.9m impairment recognised in previous years. The directors have allocated goodwill to the following cash generating units (CGUs): - Corporate Banking - Treasury and Capital Markets At reporting date, the carrying value of goodwill is assessed by management. The recoverable amount of CGUs is supported by value-in-use calculations based on discounted cash flows. Estimating discounted cash flows requires the directors to use significant assumptions by applying judgement to determine future market conditions, business prospects, growth rates and discount rates	We have reviewed management's expert impairment assessment and assessed the appropriateness of their impairment methodology for the determination of goodwill as well as the assumptions in the impairment assessment. We have assessed the reasonableness of the significant inputs and assumptions used in the discounted cash-flow such as growth rates and discount rates and challenged management on key judgements and assumptions made. We have also verified the mathematical accuracy of the cash flow model used and checking the internal inconsistency of the models in place at the year end. **Key observations:** Based on the audit work performed, the amount reflected as 'goodwill' has been appropriately stated.
Deferred tax asset As disclosed in note 12, the Bank has recognised deferred tax assets to the extent that it is probable that historical assessed tax losses will be realised. This requires management judgement in estimating future taxable income and is accordingly a key audit matter.	We involved our tax specialists to evaluate the recognition and measurement of the current and deferred tax assets. This included analysing the current and deferred tax calculations for compliance with the UK tax legislation. We have evaluated management's assessment of the recoverability of deferred tax assets by comparing this to evidence obtained in respect of other areas, including the cashflow forecasts, business plans, minutes of directors' meetings and our knowledge of the business. Additionally, we have challenged management's assumptions for the deferred tax position to assess whether it is based on the most probable outcome.

	Key observations: Based on the audit work performed, the amount reflected in 'deferred tax asset' has been appropriately stated.
Going Concern The Bank's financial statements have been prepared on a going concern basis. This assessment involves significant judgment made by management and therefore, we have considered this a key audit matter.	As disclosed in note 2.1, the Bank has performed the going concern assessment based on the current business plan and strategy. The Bank has obtained confirmation of continued support from the parent company and has a formal credit facility which can only be removed with formal notice of no less than 367 days. The directors have satisfied themselves that the Bank will continue to operate on a going concern basis for the foreseeable future and at least for 12 months from the assessment and there is no material uncertainty on going concern. Our procedures and conclusions in respect of going concern are set out below in the 'Conclusions relating to going concern' section below.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Materiality	£343,000
Basis for determining materiality	0.5% of net assets. This low percentage has been selected considering the entity and the execution of the audit.
Rationale for the benchmark applied	The majority of the stakeholders' interests in the bank are asset focused. This is also the key metric indicated by management and the group auditors of most importance when group reporting.
Performance materiality	£171,000
Basis for determine performance materiality	Performance materiality was set at 50% of materiality to reflect the high risk nature of the engagement in response to the weak internal controls, prior year adjustments and ongoing regulatory investigation.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £17,000 as appropriate as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' assessment of the going concern, which includes the going concern assumptions, applied in the financial statements. For key assumptions included in the forecasts and stress scenarios, we have obtained an understanding of the Directors' rational for the assumptions made and agreed these where possible to relevant supporting documentation.
- Assessing the current forecast used to support the Going Concern assessment for arithmetical accuracy.
- Reviewing minutes of meetings of the board of directors for any factors that may affect going concern.
- In understanding the capital and liquidity of the Company, we have reviewed the ICAAP, ILAAP and capital adequacy ratio with the help of our regulatory experts. We have used this understanding to assess the bank's capital and liquidity position.
- We have reviewed Director's funding plans including recovery plans to ascertain appropriate measures are in place for worst case scenarios.
- Evaluating disclosures made in Note 2.1 in respect of going concern.
- Testing accuracy of current forecasts along with historical accuracy of forecasts which have been prepared.
- We have independently reperformed directors' stress test scenarios and undertaken reverse stress test scenarios and also assessed the completeness of scenarios. An external expert has been engaged to assist with the completeness of the stress and reverse stress tests.
- Obtaining appropriate comfort regarding financial support offered to the Bank and verifying the ability of relevant parties to provide this level of support.
- Considered publicly available information to identify if there is anything to contradict the assessment made by directors, or if there are any indicators of potential risk to the group of industry.
- Considered the adequacy of the disclosures in the financial statements based on our knowledge gained through the above procedures.

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

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

Other Information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

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

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

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the company were identified through discussions with directors and other management, and from our commercial knowledge and experience of financial institutions. Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, international accounting standards, taxation legislation, compliance with licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), data protection, anti-bribery, anti-money-laundering, employment and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of directors and management and inspecting legal correspondence. The identified laws

and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of directors and management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested the payments and settlement process;
- tested the completeness of journal entries;
- tested opening balances;
- tested journal entries to identify unusual transactions; and
- read minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority. In addition we had a number of discussions with the Prudential Regulation Authority in respect of delays to signing the accounts and subsequent events.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 1 February 2022 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. Our total uninterrupted period of engagement is 4 years, covering the period ended 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

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

Gravita Audit II Limited

Daniel Rose (Senior Statutory Auditor)
For and on behalf of Gravita Audit II Limited, Statutory Auditor 31/7/2025

Aldgate Tower
2 Leman Street
London
E1 8FA

Statement of profit or loss for the year ended 31 December 2024

£'000	Note	2024	2023
Interest and similar income	6	12,402	17,701
Interest expense and similar charges	6	(6,728)	(10,927)
Net interest income		**5,674**	**6,774**
Fee and commission income	7	3,678	3,691
Fee and commission expense	7	(1,332)	(2,532)
Net fee and commission income		**2,346**	**1,159**
Net trading income / (expense)	**8**	**578**	**(4,039)**
Other operating income		**-**	**284**
Net operating income		**8,598**	**4,178**
Personnel expenses	9	(7,054)	(8,648)
Redundancy cost	9.1	-	(765)
Depreciation of property, plant and equipment; and right-of-use assets	18	(769)	(976)
Amortisation of intangible assets	19	(730)	(459)
Other operating expenses	10	(6,351)	(6,814)
Total operating expenses before impairment losses		**(14,904)**	**(17,662)**
Net impairment gains /(losses)	11	3,482	(420)
Loss before tax		**(2,824)**	**(13,904)**
Taxation	12	**4,603**	(95)
Profit / (Loss) for the year		**1,779**	**(13,999)**

The profit and loss for the current and preceding year is derived from continued operations.

Statement of other comprehensive income
for the year ended 31 December 2024

£'000	Note	2024	2023
Profit / (Loss) for the year after tax		**1,779**	(13,999)
Items that will be classified to profit or loss			
Foreign currency translation differences for foreign operations		(269)	(111)
Unrealised gain on debt instruments at FVOCI		1,135	4,602
Tax on unrealised loss		-	-
Other comprehensive income for the year	13	**866**	**4,491**
Total comprehensive income for the year		**2,645**	**(9,508)**

Statement of financial position as at 31 December 2024

£'000	Note	2024	2023
Assets			
Cash and balances with central banks	**14**	15,397	27,447
Due from banks	**15**	66,588	40,848
Derivative financial instruments	**39**	546	766
Loans and advances to customers	**16**	28,985	28,332
Financial investments – Amortised Cost	**17**	80,814	82,889
Financial investments – FVOCI	**17**	57,583	37,667
Property, Plant and Equipment and Right-of-use Assets	**18**	1,944	1,885
Goodwill and other intangible assets	**19-20**	13,245	12,787
Deferred tax assets	**12**	13,428	8,822
Other assets	**21**	13,002	12,998
Total assets		**291,532**	**254,441**
Liabilities and equity			
Due to banks	**22**	153,081	120,940
Derivative financial instruments	39	868	69
Due to customers	**23**	44,717	42,227
Other liabilities	**24**	9,171	9,623
Provisions	**24-A**	700	500
Subordinated debt	**25**	14,824	15,556
Total liabilities		**223,361**	**188,915**
Equity attributable to equity holders			
Share capital	**26**	102,173	102,173
Other reserves	**26**	(1,488)	(2,354)
Accumulated losses	**26**	(32,514)	(34,293)
Total equity		**68,171**	**65,526**
Total liabilities and equity		**291,532**	**254,441**

Bank of Africa United Kingdom Plc registration number - 05321714.

Approved by the board of directors on 29 July 2025 and signed on its behalf on 31 July 2025.

Said Adren
Chief Executive Officer

Walter Siouffi
Chairman of the Board

Statement of Changes in Equity

£'000	Note	Share Capital	Other Reserves	Accumulated Losses	Total
Balance as at 1 January 2023		**102,173**	**(6,845)**	**(20,294)**	**75,034**
Loss for the year		-	-	(13,999)	(13,999)
Other comprehensive income	**13**	-	4,491	-	4,491
Balance as at 31 December 2023		**102,173**	**(2,354)**	**(34,293)**	**65,526**
Balance as at 1 January 2024	**26**	**102,173**	**(2,354)**	**(34,293)**	**65,526**
Profit for the year		**-**	**-**	**1,779**	**1,779**
Other comprehensive income	**13**	**-**	**866**	**-**	**866**
Balance as at 31 December 2024	**26**	**102,173**	**(1,488)**	**(32,514)**	**68,171**

Other reserves category in the table above relates to changes in fair value of financial instruments measured at fair value through other comprehensive income and the effects of foreign currency translation on a foreign operation.

Statement of cash flows for the year ended 31 December 2024

£'000	Note	2024	2023 Restated
Cash flows from continuing operating activities			
Loss before tax		(2,824)	(13,904)
Adjustments for:			
Net interest income		(5,674)	(6,774)
Interest received		12,048	20,919
Interest paid		(6,777)	(10,524)
Change in operating assets	**28**	(17,844)	170,939
Change in operating liabilities	**28**	33,274	(190,845)
Other items included in profit before tax	**28**	(1,465)	18,695
Corporation tax		-	-
Net cash flows used by continuing operating activities		**10,738**	**(11,494)**
Cash flows from investing activities			
Purchase of financial investments		(44,212)	(7,685)
Proceeds from sales of financial investments		32,257	8,036
Purchase of Property, Plant and Equipment		(427)	(254)
Purchase of intangible assets		(1,611)	(1,858)
Net cash flows generated by investing activities		**(13,993)**	**(1,761)**
Cash flows from financing activities			
Repayment of lease principal		(181)	(714)
Net cash flows used by financing activities		**(181)**	**(714)**
Net increase / (decrease) in cash and cash equivalents		**(3,436)**	**(13,969)**
Cash and cash equivalents as at 1 January		**54,575**	**68,544**
Cash and cash equivalents as at 31 December	**28**	**51,139**	**54,575**

Non-cash investing and financing activities, such as the recognition of right-of-use (ROU) assets and corresponding lease liabilities upon lease commencement, are not presented on the face of the cash flow statement but are disclosed separately in the notes to the financial statements.

Notes to the financial statements

1. Corporate Information

In these financial statements, Bank of Africa United Kingdom Plc is referred to as "the Bank" or as "BOA UK". The statements comprise the financial statements of Bank of Africa United Kingdom Plc as an individual entity. The Bank also maintains a foreign branch that is located in Paris.

The Bank principally provides corporate banking, and treasury services to clients with business activity in Africa. The principal activities of the Bank are described in the Strategic and Directors' reports.

Bank of Africa United Kingdom Plc is incorporated and domiciled in England and Wales and is authorised and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Its registered office is at 37 Sun Street, London, EC2M 2PL26, United Kingdom.

The ultimate parent undertaking and ultimate controlling party is Bank of Africa S.A. (formerly known as Banque Marocaine du Commerce Exterieur S.A.), referred to ''BOA SA'', a Company incorporated in Morocco. BMCE International (Holdings) Limited, a company incorporated in and registered in England and Wales, is the immediate holding Company for the Bank.

Copies of the consolidated financial statements prepared in respect of Bank of Africa S.A. may be obtained by request on the following address: 140 Avenue Hassan II 2100 Casablanca or on the website: http://www.bankofafrica.ma/.

2. Significant accounting policies

2.1. Basis of preparation

The accounts are prepared on a going concern basis and in accordance with UK adopted international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The management of the Bank reviews the output of the Going Concern assessment in advance of final evaluation by the Board. The directors have also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risks. Having obtained confirmation of continued support from the parent company and having assessed its ability to provide such support to the Bank, if the need arises, the directors have a reasonable expectation that the Bank has adequate resources to continue in operation, meets its liabilities as they fall due.

The Bank's Directors have assessed the Bank's ability to continue as a going concern as described in the Director's Report on page 28 and are satisfied that it has the adequate resources to continue in business for the foreseeable future, and for a period of at least 12 months from the approval date of the financial statements. Furthermore, there are no material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

The directors have considered a number of stress tests which aligned to the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), and potential actions were noted and modelled where required as a result of the stress points.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss and investments in debt instruments measured at FVOCI that have been measured at fair value.

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in note 34.

2. Significant accounting policies (continued)

Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation.

2.2 Foreign currency translation

The financial statements are presented in British Pound, which is the Bank's functional and presentational currency. The functional currency of the foreign branch in Paris is Euro.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. The foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of profit and loss. Unrealised gains and losses on unsettled transactions are also taken to the statement of profit and loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The results of the foreign branch are translated into the Bank's presentational currency on a monthly basis at the month end market exchange rate. All balances at the end of the period are converted at the period end rate. Any foreign exchange differences arising are accounted through other comprehensive income and accumulated in 'other reserves' in equity.

2.3 Net interest income

Interest income and expense for all financial instruments except for those classified or measured at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the statement of profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, see 'Net trading income'.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated considering all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

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 the 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 EIR to the amortised cost of the credit-impaired financial assets (i.e., the gross carrying amount less the allowance for expected credit losses (ECLs)).

2.4 Net fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers in connection with its principal activities and providing corporate advisory services. Fees and commission such as upfront fees and trade finance fees are recognised at a point in time. However, some fees earned for the provision of services over a period of time such as commitment fees are accrued over that period. These fees include commission income and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

2. Significant accounting policies (continued)

2.5 Net trading income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities classified as FVTPL as well as foreign exchange gains and losses. The Bank has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Bank's balance sheet when the Bank becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e., day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

2.7 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVOCI; all other debt instruments (e.g., debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL.

2. Significant accounting policies (continued)

2.8 Debt instruments at amortised cost or at FVOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to change in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model depends on management's intentions for an individual instrument.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are subject to impairment.

2.9 Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

For the current period, the Bank has not booked any financial assets at FVTPL other than derivatives.

2.10 Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets.

2. Significant accounting policies (continued)

2.11 Impairment

The Bank recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- loans and advances to banks;
- loans and advances to customers;
- debt investment securities;
- lease receivables;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on exposures at default (EAD) on individual transaction. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis.

2.12 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

2. Significant accounting policies (continued)

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

2.13 Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default when the borrower is unlikely to pay its credit obligations to the Bank in full and/or customers who are late in payment by more than 90 days.

This definition of default is used by the Bank for accounting purposes as well as for internal credit risk management purposes. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators are also key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

2.14 Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

2. Significant accounting policies (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

2.15 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a

modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Bank assesses whether this modification results in derecognition. A modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

2. Significant accounting policies (continued)

If the difference in present value is greater than 10% the Bank deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Bank considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the Bank calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account in 'Losses on modification of financial assets'. Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

2.16 Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

2. Significant accounting policies (continued)

2.17 Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL is measured as follows:

- If the restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- If the restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2.18 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- for debt instruments measured at FVOCI: as a deduction from the carrying amount of the assets

- for loan commitments and financial guarantee contracts: as a provision; and

- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

2.19 Financial liabilities and equity

Debt and equity instruments that are issued and classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

2.20 Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals. For the current period, the Bank has not recorded any financial liabilities being classified as financial liabilities at FVTPL.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.21 Modification and derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.22 Derivative financial instruments

Derivative held mainly include foreign exchange forward contracts and cross currency swaps which are mainly held to manage essentially its exposure to foreign currency risk and balance sheet gap management. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

2.23 Hedge accounting

During the current period, the Bank has not recorded any hedge relationship (fair value hedge, cash flow hedge, hedge of net investments in foreign operations).

2.24 Financial guarantee

The Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, in 'Other liabilities' being the premium received. Subsequently, the FGC is measured at the 'higher of:

- the IFRS 9 Expected Credit Loss (ECL) allowance;
- the amount initially recognised (i.e., fair value) less any cumulative amount of income/ amortisation recognised.

2.25 'Day 1' profit

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit) in the statement of profit and loss in 'Net trading income'.

In cases where data used is not observable, the difference between the transaction price and model value is only recognised in the statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

2.26 Subordinated debt

These are long-term debt liabilities carried at amortised cost.

2.27 Off setting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2. Significant accounting policies (continued)

2.28 Leasing

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

Bank as a lessee - The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets** - The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within Property, plant and equipment and right-of-use assets and are subject to impairment in line with the Bank's policy on Impairment of non-financial assets.

- **Lease liabilities** - At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Bank as a lessor - As a lessor BOA UK classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "other operating income" line in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other operating income in the period in which they are earned.

2.29 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise cash on hand, balances with central Banks and amounts due from Banks on demand or with an original maturity of three months or less. Cash and cash equivalent are carried at amortised cost in the statement of financial position.

For the purpose of the cash flow statement the Bank's operating activities include cash flows from loans and advances, customer deposits and derivative financial instruments. The Bank's financing activities comprise movements in issued share capital and subordinated debt.

2.30 Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

2. Significant accounting policies (continued)

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities acquired are assigned to those units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined under IFRS 8 Operating Segments.

2.31 Property, equipment and right-of-use assets

Property, Plant and Equipment and Right –of-use Assets, which consist of computer hardware and furniture and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write down the cost of Property, Plant and Equipment and Right –of-use Assets to their residual values over their estimated useful lives. The residual estimated useful lives from 1 January 2023 are as follows:

- Computer hardware - 3 to 5 years; and

- Furniture and equipment - 5 to 9 years.

Right-of-use assets are presented together with Property, Plant and Equipment and Right –of-use Assets in the statement of financial position – refer to the accounting policy 2.28. Right-of-use assets are depreciated on a straight-line basis over the lease term.

2.32 Other intangible assets

Intangible assets include the value of development costs and computer software. Expenditure on internally developed intangible assets, excluding development expenditure, is taken to the statement of profit and loss in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The residual estimated useful lives from 1 January 2024 are as follows:

- Licences - 5 to 10 years;

- Computer software - 3 to 10 years; and

- Development costs - 3 to 5 years.

2.33 Impairment of non-financial assets

The Bank assesses at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an

2. Significant accounting policies (continued)

estimate of the asset's recoverable amount (which is the greater of an asset 's fair value less costs to sell, or its

value in use). Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.34 Pension benefits

The Bank operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under 'Personnel expenses'.

2.35 Provisions

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

2.36 Taxes

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

Deferred tax is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Detailed plans are produced for the next financial year, and using this as a basis, forecasts are produced for the following years.

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

Current tax and deferred tax relating to items recognised directly in other comprehensive income are also recognised in other comprehensive income and not in the statement of profit and loss.

2.37 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3. Critical accounting judgements and key sources of estimation uncertainty

The directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Bank's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- **Business model assessment** - Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 2). 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.

- **Significant increase of credit risk -** As explained in Note 2.11, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Bank considers qualitative and quantitative reasonable and supportable forward-looking information.

- **Models and assumptions used -** The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

- **Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee) -** The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

- **Deferred tax asset –** The Bank has recognised a deferred tax asset of £13.43m (2023: £8.82m) of which £12.97m (2023: £8.29m) arises from trading losses carried forward. Note 12 to these financial statements provides quantitative measures of the deferred taxes.

  Recognition of the asset is based on the assumption that the future taxable profits of the Bank will be adequate to utilise the available trading losses of the Bank. Expectations of future profits take into account the long-term financial and strategic plans of the Bank and the expected future economic outlook.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

The internal rating model uses a range of financial and non-financial inputs. In assessing the credit gradings and the impact of the current macro challenges in the market the Bank has considered a number of qualitative and quantitative factors.

3.2 Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- **Probability of default** - PD constitutes a key input in measuring ECL. PD 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.
- **Loss Given Default** - LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- **Fair value measurement and valuation process** - In estimating the fair value of a financial asset or a liability, the Bank uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank uses valuation models to determine the fair value of its financial instruments.
- **Deferred tax assets** – Recognition of the asset is dependent on the assumption that the Bank's future taxable profits will be sufficient to utilise the carried forward tax losses. The Bank produces a business plan that is used to assess the recoverability of the deferred tax assets. The business plan forecasts the future taxable profitability of the Bank based on its strategy and business model approved by the Board, using various assumptions subject to estimation. Hence there is an uncertainty in estimating the future profits of the Bank and the recoverability of the deferred tax asset, particularly as the Bank's future performance is also subject to a number of external factors out of its control. The management also takes in to account the risks associated with future regulatory changes in order to produce the base case forecast of the future profits. Note 12 to the financial statements provides further details and quantitative measures in relation to the deferred tax asset recognised by the management.
- **Impairment of goodwill** – Goodwill is tested at each reporting date for impairment and the evaluation requires significant management judgement in estimating the present value of future estimated cash flows expected to be derived from the cash generating units (CGU) to which goodwill has been allocated. Goodwill arising from business combination is allocated to CGU or group of CGUs that are expected to benefit from the synergies of the combination. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Refer to note 20.
- **Estimating the incremental borrowing rate** – The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).
- **Revenue recognition – Fee income** The Audit Committee considered the nature of fees for loans to be recognised as an adjustment to the effective interest on loans and the output from the process for monitoring effective interest rate adjustments.

4. New and revised IFRSs in issue

A summary of the pronouncements which may be applied by entities for the first time in 2024 is as follows:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 *Leases*
- *Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements*
- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements*

None of the amendments and interpretations are expected to have a material impact on the Bank's financial statements.

5. Future accounting developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The impact of these standards is being assessed, and they have not yet been endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective on or after 1 January 2025, including Amendments to IFRS 9 Financial Instruments (effective 1 January 2026) and Amendments to IFRS 7 Financial Instruments Disclosure (effective 1 January 2026) and IAS 21 The Effects of Changes in Foreign Exchange Rates (effective 1 January 2025). These improvements and amendments are not expected to have a significant impact on the Bank.

6. Net interest income

£'000	2024	2023
Due from banks	3,082	2,984
Loans and advances to customers	3,913	9,836
Financial investments	5,407	4,881
Interest and similar income	**12,402**	**17,701**
Due to customers	(300)	-
Due to banks	(6,121)	(10,615)
Subordinated debt	(307)	(312)
Interest and similar charges	**(6,728)**	**(10,927)**
Net interest income	**5,674**	**6,774**

7. Net fees and commission income

£'000	2024	2023
Credit related fees and commissions	1,247	1,602
Corporate banking fees	2,431	2,089
Fees and commission income	**3,678**	**3,691**
Fees and commission expense	**(1,332)**	**(2,532)**
Net fees and commission expense	**2,346**	**1,159**

8. Net trading income / (expense)

£'000	2024	2023
Exchange gain on balance sheet revaluation	901	1,764
Unrealized loss on foreign exchange deals	(323)	(1,136)
(Loss)/Gain on disposal of investments	-	(4,667)
Net trading income /(expense)	**578**	**(4,039)**

9. Personnel expenses

£'000	Note	2024	2023
Wages and salaries	9.1	(5,337)	(6,075)
Social security costs		(851)	(1,115)
Pension costs - defined contribution plans		(462)	(562)
Other benefits		(404)	(896)
Personnel expenses		**(7,054)**	**(8,648)**
Number of employees		**51**	**68**
The average monthly number of employees (including Directors) during the year was:			
Board		9	9
Corporate and Investment Banking		4	11
Treasury and Capital Markets		7	5
Operations and support		31	43
Paris Branch		**12**	**17**
Total BoA UK all locations		**63**	**85**

9.1 Redundancy Cost

£'000	Note	2024	2023
Redundancy Cost	**9.2**	-	(765)

9.2 In 2023, wages and salaries include the cost of £0.76m incurred on account of redundancy scheme. An enhanced redundancy payment calculated based on 2 weeks' actual pay for each year of service with a cap of maximum up to 8 weeks of salary. Continued payment of salary/benefits until a termination date to be agreed with the Bank. A payment in lieu of accrued but untaken holiday pay as at the termination date.

As there were not enough applicants for Voluntary Redundancy, the Bank had to make compulsory redundancies within the statutory provisions by carrying out an internal selection exercise to identify roles that may be placed 'at risk' of redundancy. The selection exercise undertaken was carried out using fair, objective, and quantifiable criteria. Following the redundancy, there has been no statutory claim regarding the matter till date.

10. Other operating expenses

£'000	2024	2023
Marketing expense	(62)	(11)
Administrative	(3,684)	(3,128)
Professional fees	(1,881)	(2,078)
Statutory audit fees	(577)	(741)
Other expenses	(147)	(856)
Other operating expenses	**(6,351)**	**(6,814)**

11. Net impairment recoveries/(losses)

£'000	2024	2023
IFRS 9		
Stage 1–12 months ECL	105	2,303
Stage 2–Life time ECL	(863)	(735)
Stage 3 – Non performing – Life time ECL	4,240	(1,988)
Net impairment losses	**3,482**	**(420)**

During the year, exposure of bond issued by Republic of Ghana was upgraded from stage 3 to stage 2 due to implementation of an agreement in principle with the bond holders to restructure $13bn Eurobonds. Under this arrangement, the Bank has opted for the PAR option, derecognising the existing carrying value of the bond and accounting for the newly issued bond at fair value in line with the agreed restructuring proposal under the PAR option. Consequently, a reversal of £3.8m in stage 3 represents the upgrading of the Ghana bonds by £3.5m whereas the impairment of newly issued bond to BOA UK has been accounted for by £1.4m in stage 2.

12. Taxation

£'000	2024	2023
Analysis of tax credit / (charge) for the period		
Current corporation tax charge on profit for the year	-	-
Over / (under) provision from prior year.	(3)	(136)
Current tax credit / (charge)	**(3)**	**(136)**
Deferred Tax - current year	4,202	(262)
Change in tax rate	-	-
Prior period deferred tax adjustments	404	303
Deferred tax credit	**4,606**	**41**
Tax on profit on ordinary activities	**4,603**	**(95)**
Provision for deferred tax		
Accelerated capital allowances	361	578
Short term temporary differences	119	(52)
Losses and other deductions	12,948	8,296
Total deferred tax asset	**13,428**	**8,822**
Movement in provision:		
Provision at start of period	8,822	8,781
Correction provision at start	3	-
Deferred tax charged in the OCI for the period	-	-
Deferred tax charged in the Income statement for the period	4,603	41
Provision at end of period	**13,428**	**8,822**
Reconciliation of the total tax (charge)/ credit		
(Loss)/Profit before tax	(2,824)	(13,904)
Tax on loss on ordinary activities at standard UK Corporation Tax rate of 25% (2023: 23.52%)	(706)	(3,270)
Effects of:		
Fixed asset differences	5	211
Expenses not deductible for tax purposes	12	1
Adjustments to brought forward values	-	-
Group relief (surrendered)/claimed	-	-
Adjustments to tax charge in respect of previous periods	(401)	(167)
Remeasurement of deferred tax for changes in tax rates	-	(193)
Movement in unrecognised deferred tax on losses	(3,513)	3,513
Tax credit for the period	**(4,603)**	**95**

12. Taxation (continued)

Deferred tax assets are recognised to the extent that is it available based on wider tax rules (25% restriction rule) for the company and probable that taxable profit will be available against which the deductible temporary differences and carry forward losses/credits can be utilised.

The management's assessment of recognition of deferred tax is based on what it deems appropriately recoverable based on the future taxable profitability as per the four-year business plan approved by the Board and the forecasts which also takes into consideration, the continued support from the Bank's parent and its ability to provide this.

Deferred tax asset has been recognised in respect of tax losses where the directors believe it is probable that these will be recovered within the next 12 years. In assessing the probability of recovery, the directors have reviewed the BOA's 4-year plan that has been used for both the going concern and viability assessment and the goodwill impairment testing. The revenue growth rate assumptions for the period beyond 4 years are conservatively lower than the revenue growth in 2027 and 2028. Similarly, the assumptions in the increase in operating cost are also in line with 2027 and 2028.

Any futures changes in tax law could have a significant effect on the use of losses, including the period over which the losses are utilised.

In the March 2021 UK Budget, it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023. The change was enacted on 10 June 2021. As a result, existing timing differences on which deferred tax has been provided may unwind in periods subject to the 25% rate. The deferred tax in relation to these timing differences have been recognised at the rates at which they are expected to unwind.

Sensitivity analysis

Deferred tax asset on losses has been recognised on the basis that the BOA will make profits in the future against which the losses can be used. In order to support the recognition of the £12.97m deferred tax asset on losses, modelling was undertaken to review the recovery period of the deferred tax asset. The modelling was based on management forecasts and showed that the deferred tax asset on losses is expected to be recovered by 2036. A plausible downside case was also modelled which included reduced income and margins. Sensitivity analysis was conducted to assess the impact of the revenue reduction of every 1% to the base case assumption, on the recoverability time horizon of the deferred tax asset on losses and is outlined in the table below:

Revenue growth	Recovery Year of the Deferred Tax Asset
3% (base case)	2036
2%	2036
1%	2037
0%	2038

13. Other comprehensive income

£'000	Before tax 2024	Tax 2024	Net of tax 2024	Net of tax 2023
Unrealised gain/(loss) on financial investments	1,135	-	1,135	4,602
Exchange differences on translating foreign operations	(269)	-	(269)	(111)
Total other comprehensive income	**866**	**-**	**866**	**4,491**

14. Net cash and cash equivalent position

£'000	2024	2023
Balances with central banks	15,397	27,447
Cash and cash equivalent with central banks	**15,397**	**27,447**
Current accounts with other banks	35,742	27,128
Cash and cash equivalent due from banks	**35,742**	**27,128**
Net cash and cash equivalent position	**51,139**	**54,575**
Loans and advances to banks	30,846	13,727
Due from banks	**66,588**	**40,848**

Balances with central banks include £0.54m (2023: £0.67m) reserve account balance held with central bank of France. BOA uses the reserve account balance held at Bank of France as one of its sources of liquidity buffer to meet its regulatory liquidity requirements.

15. Due from banks

£'000 - 2024	Gross carrying amount	Loss allowance	Carrying amount
Stage 1-12 months ECL	66,788	(699)	66,089
Stage 2-Life time ECL	-	-	-
Stage 3-Non performing - Life time ECL	998	(499)	499
Due from banks	**67,786**	**(1,198)**	**66,588**

£'000 - 2023	Gross carrying amount	Loss allowance	Carrying amount
Stage 1-12 months ECL	37,130	(42)	37,088
Stage 2-Life time ECL	2,716	(422)	2,294
Stage 3-Non performing - Life time ECL	2,327	(861)	1,466
Due from banks	**42,173**	**(1,325)**	**40,848**

16. Loans and advances to customers

£'000 - 2024	Gross carrying amount	Loss allowance	Carrying amount
Stage 1-12 months ECL	25,334	(51)	25,283
Stage 2-Life time ECL	3,938	(236)	3,702
Stage 3-Non performing - Life time ECL	4,896	(4,896)	-
Loans and advances to customers	**34,168**	**(5,183)**	**28,985**

£'000 - 2023	Gross carrying amount	Loss allowance	Carrying amount
Stage 1-12 months ECL	20,047	(106)	19,941
Stage 2-Life time ECL	6,350	(114)	6,235
Stage 3-Non performing - Life time ECL	7,348	(5,193)	2,155
Loans and advances to customers	**33,745**	**(5,413)**	**28,332**

17. Financial investments

£'000 - 2024	Note	Gross carrying amount	Loss allowance	Carrying amount
Financial investments - Amortised Cost				
Stage 1–12 months ECL-Amortised cost		62,674	(472)	62,202
Stage 2–ECL-Amortised cost		20,177	(1,565)	18,612
Stage 3 –Non performing-Life time ECL- Amortised cost		-	-	-
		82,851	(2,037)	80,814
Financial investments - FVOCI	**17.1**			
Stage 1–12 months ECL-FVOCI		48,417	-	48,417
Stage 2–ECL-FVOCI		2,176	-	2,176
Stage 3 –Non performing-Life time ECL- FVOCI		6,990	-	6,990
Financial investments		**140,434**	**(2,037)**	**138,397**

£'000 -2023	Note	Gross carrying amount	Loss allowance	Carrying amount
Financial investments - Amortised Cost				
Stage 1–12 months ECL-Amortised cost		67,994	(1,094)	66,900
Stage 2–ECL-Amortised cost		4,151	(317)	3,834
Stage 3 –Non performing-Life time ECL- Amortised cost		15,684	(3,529)	12,154
		87,829	(4,940)	82,889
Financial investments - FVOCI	**17.1**			
Stage 1–12 months ECL-FVOCI		30,480	-	30,480
Stage 2–ECL-FVOCI		1,905	-	1,905
Stage 3 –Non performing-Life time ECL- FVOCI		5,282	-	5,282
Financial investments		**125,496**	**(4,940)**	**120,556**

17.1: Provision for credit losses of FVOCI investments are not deducted from the carrying amount on the Statement of Financial Position as the assets are measured at fair value. Such provisions amounting to £1.41m (2023: £1.99m) are deducted from the other reserves. FVOCI investments, as referenced in the following notes, are presented consistently in the same format.

18. Property, Plant and Equipment and Right-of-use Assets

£'000	2024	2023
Cost as at 1 January	**7,283**	**6,617**
Additions - other Property, Plant and Equipment	427	254
Additions - Right of use assets	718	1,296
Write off - other Property, Plant and Equipment	(512)	(872)
Write off - Right of use assets	-	-
Derecognition - Right of use assets	(5,292)	-
Exchange adjustments	(79)	(12)
Cost as at 31 December	**2,545**	**7,283**
Depreciation as at 1 January	**(5,398)**	**(5,121)**
Charge for the year - Property, Plant and Equipment	(111)	(88)
Charge for the year - Right –of-use Assets	(658)	(888)
Write off - other Property, Plant and Equipment	475	699
Write off - Right of use assets	-	-
Derecognition - Right of use assets	5,055	-
Exchange adjustments	36	-
Depreciation as at 31 December	**(601)**	**(5,398)**
Net book value Right of Use Asset	**1,366**	**1,607**
Net book value PPE	**578**	**278**
Net book value	**1,944**	**1,885**

£'000 – Breakdown	Furniture & Fixtures	IT Hardware	Right-of-use Asset Lands and buildings	Total
Cost as at 1 January	**889**	**109**	**6,285**	**7,283**
Additions	364	63	718	1,145
Write off	(493)	(19)	-	(512)
Derecognition	-	-	(5,292)	(5,292)
Exchange adjustments	(11)	(4)	(64)	(79)
Cost as at 31 December	**749**	**149**	**1,647**	**2,545**
Depreciation as at 1 January	**(630)**	**(90)**	**(4,678)**	**(5,398)**
Charge for the year	(77)	(34)	(658)	(769)
Write off	462	13	-	475
Derecognition	-	-	5,055	5,055
Exchange adjustments	24	12	-	36
Depreciation as at 31 December	**(221)**	**(99)**	**(281)**	**(601)**
Net book value 31/12/2024	**528**	**50**	**1,366**	**1,944**
Net book value 31/12/2023	**259**	**19**	**1,607**	**1,885**

19. Intangible assets – computer software

£'000	2024	2023
Cost as at 1 January	**5,762**	**6,489**
Additions	1,611	1,858
Disposals	(625)	(2,585)
Cost as at 31 December	**6,748**	**5,762**
Amortisation as at 1 January	**(1,702)**	**(3,828)**
Charge for the year	(730)	(459)
Disposals	625	2,585
Amortisation as at 31 December	**(1,807)**	**(1,702)**
Net book value	**4,941**	**4,060**

20. Goodwill

£'000	2024	2023
As at 1 January	**13,581**	**13,754**
Impairment brought forward	(4,854)	(4,854)
As at 31 December	**8,727**	**8,900**
Exchange adjustments	(423)	(173)
Net book value	**8,304**	**8,727**

Information about cash generating units:

Goodwill acquired through business combinations has been allocated to two individual cash-generating units (CGUs) for impairment testing as follows:

- Corporate Banking; and
- Treasury and Capital Markets.

£'000	2024	2023
Corporate Banking	3,851	6,787
Treasury and Capital Markets	4,453	1,940
Net book value	**8,304**	**8,727**

In 2024 the Bank assessed the impairment of Goodwill by considering the recoverable amounts of the CGUs.

20. Goodwill (continued)

Key assumptions used in value in use calculations.

The recoverable amounts of the above CGUs have been determined based on a value in use calculation, using net present values of the cash flow projections based on business plans approved by the board for 4 years discounted at pre-tax discount rate of 6% which reflect management's estimate of the Bank's borrowing rate.

The terminal value estimates the net cash flows beyond forecasted period. Management has taken an assumption that the CGU in testing will operate its business for indefinite number of years. Perpetuity method formula has been applied for calculation of the Terminal value.

The terminal growth rate used in perpetuity method represents the constant rate at which a company's expected free cash flows are assumed to grow indefinitely. It is used beyond the forecast period in a discounted cash flow (DCF) model. Essentially, after the end of the forecasting period, we assume that the firm's free cash flow will continue to grow at the terminal growth rate, rather than projecting it for every future period. The terminal growth rate of 3% is being used as the constant rate at which a company is expected to grow forever. This growth rate starts at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

Weighted average cost of capital (WACC) has been assumed as same as Discount rate which is a general market practise for impairment calculations.

These assumptions are considered by management to be reasonable. The calculation of value in use for both of the CGUs does not lead to any indication of additional impairment.

Sensitivity analysis:

The sensitivity to the key assumptions (assuming other factors remain constant), are as follows:

- If Discount rate changes by +/- 2%
- If Terminal growth rate changes by +/- 2%
- If Net Interest Income changes by +/- 25%

As such, in each sensitised scenario, there is significant headroom between the adjusted value in use and carrying amount of the CGU. Management have also considered a scenario where the management's base conditions remain unchanged with the exception of an increase in the discount rate from 6% to 12%. Under this scenario, there remains sufficient headroom in the financial model.

21. Other assets

£'000	2024	2023
VAT recoverable	762	697
Prepayments	815	1,028
Rent deposit	132	73
Other taxes and social security cost	1,221	1,224
Due from ultimate parent undertaking	7,544	6,914
Other sundry receivables	2,528	3,062
Other assets	**13,002**	**12,998**

22. Due to banks

£'000	2024	2023
Current accounts	22,147	18,800
Term deposits	1,655	-
Due to fellow group undertakings less than 1 year	21,499	25,445
Due to ultimate parent undertaking	107,780	76,695
Due to banks	**153,081**	**120,940**

Due to fellow group undertakings are money market deposits from subsidiaries of Bank of Africa group other than the ultimate parent company (Bank of Africa S.A). These deposits are at commercial, arm's length rates.

23. Due to customers

£'000	2024	2023
Current accounts	42,315	39,121
Term deposits	2,402	3,106
Due to customers	**44,717**	**42,227**

24. Other liabilities

£'000		2024	2023
Accounts payable		5,278	4,179
Accruals		719	2,852
Contracts Liabilities *("Deferred income")*		366	280
Other taxes and social security costs		215	272
Other payables		822	584
Lease liabilities	**24.1**	1,771	1,456
Other liabilities		**9,171**	**9,623**

24.1 Lease liabilities details

£'000	2024	2023
As at 1 January	**1,456**	**1,166**
Additions	718	1,296
Disposals	(269)	(189)
Write offs	217	-
Interest expense	89	83
Lease payments	(359)	(881)
Exchange differences and advance rent	(81)	(19)
As at 31 December	**1,771**	**1,456**

The lease liabilities of the Bank are related solely to property rent as per IFRS16.

24-A Provisions

£'000	2024	2023
As at 31 December	**700**	**500**

The provision relates to claims against the Bank and represents the best estimate at the year-end in respect these claims. The directors cannot disclose any further information due to the legal sensitivities around these matters; as allowed per paragraph 92 of IAS37.

25. Subordinated debt

£'000	2024	2023
Principal	14,649	15,371
Accrued interest	175	185
Subordinated debt	**14,824**	**15,556**

Subordinated debt represent subordinated loans of €17.7m (2023: €17.7m) 2% fixed rate notes granted by the parent company with a redemption date of 2032.

£'000 - 2024	B/f from 2023	Cashflows	FX Change	Others	Total
Group subordinated debt	15,556	(306)	(733)	307	**14,824**

£'000 - 2023	B/f from 2022	Cashflows	FX Change	Others	Total
Group subordinated debt	15,853	(309)	(300)	312	**15,556**

26. Share capital and reserves

£'000	2024	2023
Share capital		
Authorised		
150,000,000 ordinary shares of £1 each	150,000	150,000
Issued, called up and fully paid		
102,173,000 shares ordinary shares of £1 each	102,173	102,173
Share capital as at 31 December	**102,173**	**102,173**
All shares rank equally with one vote per share. There is no entitlement to fixed income.		
Reserves		
Reserves - FVOCI	(556)	(1,691)
Foreign currency translation	(932)	(663)
Accumulated losses	(32,514)	(34,293)
Reserves as at 31 December	**(34,002)**	(36,647)
Share capital and reserves	**68,171**	**65,526**

27. Events after the reporting date

There have been no facts or circumstances of a significant nature that have occurred between 31 December 2024 and the date of approval of the financial statements.

28. Additional cash flow information

£'000	2024	2023 Restated
Cash and balances with central banks	15,397	27,447
Current accounts with other banks	35,742	27,128
Cash and cash equivalent (note 14)	**51,139**	**54,575**
Net (increase) / decrease in:		
Due from banks	(16,910)	51,838
Derivative Financial Instruments	220	(724)
Loans and advances to customers	(1,208)	120,441
Other assets	54	(616)
Change in operating assets	**(17,844)**	**170,939**
Net increase / (decrease) in:		
Due to banks	31,433	(168,699)
Derivative financial instruments	799	(433)
Due to customers	2,499	(17,569)
Other liabilities	(1,456)	(4,061)
Change in operating liabilities	**33,274**	**(190,762)**
Depreciation and amortisation	1,499	1,435
Intangibles written off	-	-
Tangibles written off	274	173
Amortisation of premium and discount for FVOCI instruments	(123)	11,606
Impairment provisions	(3,482)	420
Loss /(Gain) on disposal of FVOCI instruments	-	4,667
Net foreign exchange losses	(141)	(76)
Other write off	508	470
Other items included in profit before tax	**(1,465)**	**18,695**

Non-cash investing and financing activities, such as the recognition of right-of-use (ROU) assets and corresponding lease liabilities upon lease commencement, are not presented on the face of the cash flow statement but are disclosed separately in the notes to the financial statements. The prior year numbers have been revised to reflect the exclusion of these non -cash items. There were no adjustments made.

29. Contingent liabilities and commitments

These are credit-related instruments which include guarantees and commitments to extend credit. The contractual amounts represent the amount at risk should the contract be fully drawn upon and the client defaults.

Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contract amounts is not representative of future cash requirements.

These obligations are not recognised on the balance sheet, but they contain credit risk and are therefore part of the overall risk of the Bank. The total outstanding commitments and contingent liabilities are as follows:

£'000	2024	2023
Financial guarantees	69	11,380
Letters of credit	4,980	6,023
Contingent liabilities	**5,049**	**17,403**
Undrawn commitments to lend	-	-
Commitments	**-**	**-**
Contingent liabilities and commitments	**5,049**	**17,403**

Finance lease commitments

Bank as lessee

The Bank contracted non-cancellable leases for its offices in London and Paris. The lease in Paris is shared with other group companies. Non-cancellable lease payments as at 31 December 2024 were as follows:

£'000	2024	2023
Within one year	230	434
After one year but not more than five years	1,657	1,290
Lease commitments expiring	**1,887**	**1,724**

Bank as lessor

The Bank does not hold any lease commitments receivables, indicating that it has not entered any leasing arrangement where it would receive payments from lessee.

30. Compensation and transactions with key management personnel of the Bank

Key management personnel include CEO, CFO, CRO, COO and MD of Treasury and Capital Markets.

One executive director was a member of the defined contribution scheme in 2024 with a total contribution of £21k (2023: £20k). The Bank made £62k (2023: £50k) employer pension contributions for other key management personnel. The non– executive Directors do not receive pension entitlements from the Bank. The Bank did not enter into transactions, arrangements and agreements involving Directors, senior management and their business associates, or close family members.

30. Compensation and transactions with key management personnel of the Bank

£'000	2024	2023
Short-term employee benefits	1,042	893
Compensation of (CEO, CRO, CFO, COO, MD)	**1,042**	**893**
Short-term employee benefits	380	397
Compensation of Directors other than the CEO	**380**	**397**
Total compensation of key management personnel	**1,422**	**1,290**
Aggregate emoluments and benefits of highest paid director	**349**	**335**

Only 6 directors (2023: 6 directors) received remuneration from BOA UK during the year.

31. Related party transactions

The Bank is a wholly owned subsidiary of BMCE International (Holdings) Plc. The ultimate parent company of the Bank is Bank of Africa S.A. (formerly known as Banque Marocaine du Commerce Exterieur S.A.).

During the year there have been transactions between the Bank, its parent company, the ultimate parent company and other related parties. The Bank receives and provides a range of services from the parent and related parties, including funding, letter of support (from Group parent), and various administrative services. The funding from the group parent can only be terminated with a notice of 367 days.

The outstanding balances at the year-end arose from the ordinary course of business. The interest, fees and commissions paid to or received from related parties are at normal commercial rates except for interest charged by the group parent on sub-ordinated debt. In addition to entities within the scope of Bank of Africa S.A. group, key management personnel of the Bank and the group are also considered as related parties. Compensations are disclosed in note 30.

£'000 - 2024	BOA Group Parent	BOA Network	Total
Interest charged by	(4,621)	(1,247)	(5,868)
Interest received from	25	61	86
Fees and commission paid to	-	(7)	(7)
Fees and commission received from	3	14	17
Net trading income/(expense)	9	90	99
Other operating expenses paid to	(101)	(1)	(102)
Amounts owed to	127,548	21,513	149,061
Amounts owed by	(7,983)	(4,151)	(12,134)
Financial guarantees and commitments given	(3,590)	-	(3,590)
Financial guarantees received	-	-	-

31. Related party transactions (continued)

£'000 - 2023	BOA Group Parent	BOA Network	Total
Interest charged by	(8,884)	(1,357)	(10,241)
Interest received from	239	34	272
Fees and commission paid to	(718)	(67)	(785)
Fees and commission received from	24	-	24
Net trading income/(expense)	301	4,385	4,686
Other operating expenses paid to	(5)	(22)	(27)
Amounts owed to	87,820	17,276	105,096
Amounts owed by	(9,320)	(6,739)	(16,058)
Financial guarantees and commitments given	(1,119)	(4,152)	(5,271)
Financial guarantees received	-	-	-

BOA Group parent = Bank of Africa S.A. and related subsidiaries

BOA Network = Bank of Africa Group (*)

(*) Company owned and controlled directly by Bank of Africa S.A. The 2023 comparatives have been updated to reflect the correct classification of balances between the BOA Group Parent and BOA Network.

Amounts owed to the key management personnel and their spouses, of the group, held as deposits were Nil (2023: £0.198m).

32. Risk management

A. Introduction

Effective risk management is an ongoing fundamental strategy for the Bank. Whilst it is in general a key capability for a successful financial services provider, risk management also plays a significant role in the Bank's current stage of development and is critical to the Bank's target of sustainable profitability. The key components of the Bank's risk management infrastructure are:

- Governance;
- Risk management processes; and
- Stress Testing.

The main risks facing the Bank are:

- Credit risk;
- Liquidity risk;
- Funding risk;
- Market risk;
- Operational risk;
- Regulatory risk;
- Compliance risk;
- IRRBB;
- Conduct risk;
- Model risk; and
- People risk

32. Risk management (continued)

B. Governance

The Board of Directors is responsible for the overall risk management approach and for approving the risk policies. It is supported by a number of committees as follows:

1) Board Committees:

- **Risk Committee** assists the Board in monitoring the adequacy and effectiveness of the Bank's risk management policies and processes.
- **Audit Committee:** Audit Committee's responsibility is one of oversight and review. The Audit Committee's role is to assist the Board in monitoring:
  - ✓ the integrity of the financial statements of the Bank;
  - ✓ the adequacy and effectiveness of the systems of internal controls of the Bank;
  - ✓ the qualifications and independence of the Bank's external auditors and the performance of the Bank's internal and external auditors;
  - ✓ conduct and compliance matters; and
  - ✓ any other relevant issue.

2) Management Committees:

- The **Credit Committee** approves all credit applications within its delegated lending authority and recommend to the Risk Committee those applications outside of its delegated authority.
- **Asset and Liability Committee (ALCO):** The ALCO is a senior management committee with principal focus in the oversight of policies, strategies and processes. It reports to the Risk Committee. ALCO committee minutes are also shared with the risk Committee on regular basis and therefore Risk committee is always aware of all the key issues discussed in ALCO. Furthermore, CEO and CRO are also invited in risk committees who are also ALCO members. The role of ALCO is to assist the Bank in fulfilling its responsibilities relating to the governance and oversight of the Bank's market risk management policies, strategies and processes that have the potential to impact significantly on the Bank's earnings performance and capital. ALCO's responsibilities include management and review of:
  - ➢ the Bank's exposure to market risk and its hedging strategy;
  - ➢ the Bank's exposure to IRRBB
  - ➢ the Bank's liquidity and funding risk;
  - ➢ the usage of capital including ensuring external regulatory requirements are met;
  - ➢ other categories of risk linked to market risk (country risk, counterparty risk);
  - ➢ regulatory developments and their impact on the prices of marketable assets;
  - ➢ the valuation of market assets and the measurement of market risk; and
  - ➢ market risk limits.

32. Risk management (continued)

C. Measuring and reporting systems

The monitoring and controlling of risk are primarily performed against limits established by the Bank. These limits are established using an approved 'Credit Policy, 'Market Risk Policies' and 'Operational Risk Policies' and "Liquidity policy". Additionally, some limits are set via the Bank's Risk Appetite Statement (RAS).

For Credit Risk the following limits are in place: counterparty limits including single obligor limits, country limits and concentration limits. Adherence to limits is measured through the use of excess reports, exceptional reports, and large exposure reports.

Market risk limits are mainly around open positions, value at risk and stop loss limits.

Adherence to liquidity limits is mainly measured by the use of Liquidity Coverage ratio (LCR) and funding limits are measured by the use of Net Stable Funding ratio (NSFR).

Operational risk metrics are mainly measured by the use of limit/thresholds that are then monitored and reported monthly to senior Management and quarterly to the Board.

Like with other risks the Bank has in place policies, procedures, and practices to identify, manage, and control the risks associated with the use of models. These include model governance, validation and ongoing monitoring and performance review to ensure each model remains fit for purpose. The Bank uses relatively simple models; it does not use complex internal rating based (IRB) credit risk models.

The Bank's policy is to generate reports on a daily basis from information compiled from all business systems, then analysed to identify control risks appropriately and promptly. These reports include (but are not limited to) exposure reports (counterparty exposure, country exposure, sector exposure), excess reports and concentration risks across all counterparties, countries and industries.

Other more detailed reports are compiled and reported to the Board on a quarterly basis.

D. Mitigation

As part of its overall risk management strategy the Bank may use derivatives and other financial instruments to manage exposures to interest rates, foreign currencies, credit risks and to pre-hedge those expected from future transactions.

33. Credit risk

Credit risk is the current or prospective risk to earnings or capital arising from an obligor's failure to meet the terms of a contract with BOA UK or its failure to perform as agreed.

BOA UK faces credit risk on its exposure to sovereigns and corporates from its capital markets, corporate banking, and project finance businesses, and from its exposure to financial institutions from its trade finance and treasury activities. BOA UK has a detailed credit policy providing an operating model and information on how the credit risk management processes are embedded in the business and overseen at the highest level within BOA UK. BOA UK continues to act on the financial market, providing solutions, products, and services accordingly with the defined risk appetite and within the governance in place for approving any credit risk.

A. Risk concentrations of the maximum exposure to credit risk

Risk concentrations arise when there are large exposures to the same counterparty, when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

33. Credit risk (continued)

In order to avoid excessive concentration of risk the Bank's policies and procedures include specific guidelines regarding the importance of portfolio diversification. (See table on page 80 showing exposures by sector). Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging may be used within the Bank to manage risk concentrations at both the relationship and industry levels.

Being a predominantly trade bank the Bank tends to have high exposures to Financial Institutions as it prefers this risk as opposed to direct corporate risk.

The Bank has country limits, sector limits and counterparty limits set in place and monitored accordingly in order that the Bank's portfolio is maintained at a level that is appropriately diversified. Concentrations of risks are managed by client/counterparty, by geographical region and by industry sector.

B. Geographical analysis

The Bank's concentration of maximum exposure to credit risk, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

£'000 - 2024	Total
Rest of Europe	66,762
United Kingdom	5,358
Africa	140,835
Americas	33,017
Asia	8,990
Total	**254,962**

£'000 - 2023	Total
Rest of Europe	49,400
United Kingdom	14,683
Africa	143,625
Americas	14,474
Asia	13,170
Total	**235,352**

The total amounts above include only book assets (other than PPE, goodwill and other intangible assets, deferred tax asset and other assets); and off-balance sheet commitments and contingent liabilities. The general credit worthiness of a corporate customer tends to be the most relevant determinant of credit limit extended to it. However, collateral provides additional security, and the Bank generally requests the corporate borrowers to provide it. The Bank may take collateral in the form of cash overall corporate assets and other lines, credit insurance and guarantees.

The Bank uses insurance and other collateral to transfer or mitigate credit risk. Where appropriate independent valuation of collateral is received from third parties. For the Loan Solutions Desk Common collateral include real estate, project assets, insurance and government guarantees, while for trade finance the exposures are self-liquidating from the sale proceeds of the underlying goods. In this case the Bank closely monitor the prices of the commodities/goods financed. Insurance cover of the exposures are CRR compliant, and the documentation are prepared by external legal counsel to ensure CRR and legal compliance.

Valuation of collateral is updated when the credit risk of a loan deteriorates significantly, and the loan is monitored more closely. For impaired loans, the Bank obtains an appraisal of collateral because the current value of the collateral is an input to the impairment measurement.

33. Credit risk (continued)

C. Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements:

£'000	2024	2023
Cash and balances with central banks	15,397	27,447
Due from banks	66,588	40,848
Derivative financial instruments	546	766
Loans and advances to customers	28,985	28,332
Financial investment - FVOCI	57,583	37,667
Financial investment-Amortised cost	80,814	82,889
Total	**249,913**	**217,949**
Financial guarantees	69	11,380
Letters of credit	4,980	6,023
Total	**5,049**	**17,403**
Total maximum exposure to credit risk - gross	**254,962**	**235,352**

An industry sector analysis of the Bank's financial assets, before and after taking into account collateral held or other credit enhancements, is as follows:

£'000	2024 Gross maximum exposure	2024 Net maximum exposure	2023 Gross maximum exposure	2023 Net maximum exposure
Mining and quarrying	-	-	11,575	2,086
Manufacturing	5,763	548	8,088	640
Construction	2,077	1,042	3,265	1,637
Wholesale and retail trade	9,220	5,594	1,366	1,283
Information and communication	4,138	828	1,417	113
Financial and insurance activities	133,826	128,869	153,106	136,020
Public administration, defence & compulsory social security	99,938	89,230	56,535	47,589
Total	**254,962**	**226,111**	**235,352**	**189,368**

D. Carrying amount per class of financial assets whose terms have been renegotiated

During the year, the Government of Ghana restructured its debt instruments as part of a broader national debt restructuring initiative. The Bank opted for a restructuring alternative that preserved the principal amount while reducing the interest rate.

Prior to the restructuring, the amortised cost of the original bonds was £12.15m, after deducting ECL allowance of £3.52m, based on lifetime expected credit losses. Following the restructuring, the Bank recognised a net gain of £1.46m, reflecting the impact of the reduced interest rate and the remeasurement of the ECL allowance.

As at the end of the reporting period, the amortised cost of the newly recognised bonds was £14.60m, after accounting for an ECL allowance of £1.37m, based on 12-month expected credit losses.

E. Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. Credit Risk Grades (CRG) generally apply to clients but can also be applied to specific transactions where considered appropriate.

33. Credit risk (continued)

All facilities are considered to have the CRG of the client unless specifically stated otherwise. The latter will occur only where the transactions are considered to have a credit risk different to the legal entity concerned, an example being where some facilities or transactions are guaranteed by a stronger entity, or where the source of repayment is from a stronger entity in a ring-fenced structured finance transaction (both guarantee, and third-party repayment should be integral to the contract).

The following table shows the credit quality by class of asset for loan-related balance sheet lines, based on the Bank's credit rating system, using the industry standard credit rating agency definition of investment grade, e.g., Moody’s Investors Service Baa3 or better, Fitch Ratings BBB- or better:

£'000 ' 2024	**Investment grade**	**Non investment grade**	**Impairment Allowances**	**Total**
Cash and balances with central banks	15,397	-	-	15,397
Due from banks	37,103	30,683	(1,198)	66,588
Derivative financial instruments	14	532	-	546
Loans and advances to customers	-	34,168	(5,183)	28,985
Financial instruments – FVOCI	36,684	20,899	-	57,583
Financial instruments – Amortised cost	9,930	72,921	(2,037)	80,814
Total	**99,128**	**159,203**	**(8,418)**	**249,913**

£'000 ' 2023	**Investment grade**	**Non investment grade**	**Impairment Allowances**	**Total**
Cash and balances with central banks	27,447	-	-	27,447
Due from banks	18,526	23,647	(1,325)	40,848
Derivative financial instruments	213	553	-	766
Loans and advances to customers	-	33,745	(5,413)	28,332
Financial instruments – FVOCI	7,637	30,030	-	37,667
Financial instruments – Amortised cost	4,135	83,694	(4,940)	82,889
Total	**57,958**	**171,669**	**(11,678)**	**217,949**

Focus on Financial Instruments- FVOCI and Amortised Cost.

£'000	**2024 Amortised Cost**	**2024 FVOCI**	**2023 Amortised Cost**	**2023 FVOCI**
Rates AA- and Above	-	28,523	-	-
Rated BB+ and Below	28,151	13,862	16,033	14,716
Rated CCC+ and Below	14,604	7,227	23,875	7,187
Government Bonds and Treasury Bills	**42,755**	**49,612**	39,908	21,903
Rated A-	20,365	7,971	4,135	7,637
Rated BBB+ to BBB-	4,164	-	5,659	-
Rated BB+ to B-	13,530	-	13,788	8,127
Rated CCC+ and Below	-	-	19,399	-
Financial Institution Bonds	**38,059**	**7,971**	**42,981**	**15,764**
Total	**80,814**	**57,583**	**82,889**	**37,667**

33. Credit risk (continued)

F. Credit risk ratings – IFRS 9 expected loss model

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides the Bank's internal credit risk rating scale and their mappings to Points in time (PiT) PD ranges.

2024	Grade	Meaning	1Y PD range%
AAA	Investment	Excellent	0.00002-0.00004
AA+ to AA-	Investment	Excellent to strong	0.00005-0.00053
A+ to A-	Investment	Strong to good	0.00059-0.00291
BBB+ to BBB-	Investment	Good to satisfactory	0.00499-0.00548
BB+ to BB-	Non investment	Satisfactory to acceptable higher risk	0.01794-0.79168
B+ to B-	Non investment	Acceptable higher risk to marginal	0.27434-5.86631
CCC+	Unsatisfactory	Unsatisfactory	7.81952- 15.82217
CCC	Unsatisfactory	Substandard	19.88258-28.87402
Below CCC-	Unsatisfactory	Loss / Liquidation	Insolvency

2024	EAD (£'000)	Average PD	Average LGD
AAA	20,459	0.00003%	43.92%
AA+ to AA-	41,365	0.00042%	43.37%
A+ to A-	59,858	0.00186%	47.80%
BBB+ to BBB-	6,353	0.00520%	61.30%
BB+ to BB-	12,828	0.22029%	50.27%
B+ to B-	89,259	1.84140%	54.93%
CCC+ to CCC-	19,972	22.0952%	55.28%
D	12,885	100%	47.91%
Total	**262,979**		

2023	Grade	Meaning	1Y PD range%
AAA	Investment	Excellent	0.0000-0.00031
AA+ to AA-	Investment	Excellent to strong	0.00035-0.0016
A+ to A-	Investment	Strong to good	0.0013-0.0072
BBB+ to BBB-	Investment	Good to satisfactory	0.004-0.021
BB+ to BB-	Non investment	Satisfactory to acceptable higher risk	0.036-0.911
B+ to B-	Non investment	Acceptable higher risk to marginal	0.25-12.38
CCC+	Unsatisfactory	Unsatisfactory	4.89- 14.83
CCC	Unsatisfactory	Substandard	100
Below CCC-	Unsatisfactory	Loss / Liquidation	Insolvency

2023	EAD (£'000)	Average PD	Average LGD
AAA	8,636	0.000%	53.34%
AA+ to AA-	11,981	0.000%	28.16%
A+ to A-	10,002	0.000%	36.77%
BBB+ to BBB-	14,149	0.01%	53.47%
BB+ to BB-	13,956	0.19%	48.53%
B+ to B-	62,845	4.36%	49.19%
CCC+ to CCC-	48,187	10.02%	70.03%
C	0	58.62%	62.44%
D	30,640	100%	48.60%
Total	**200,396**		

33. Credit risk (continued)

G. Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures.

These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL could be mitigated by credit risk management action. The measurement of ECL is based on probability weighted average credit loss and it is measured on an individual basis. The Bank does not apply collective basis measurement of ECL.

The recognition and measurement of ECL is highly complex and involves the use of significant judgment and estimation, which include the formulation and incorporation of forward-looking probability weighted scenarios into the calculation of ECL.

The Bank uses a model supported by an external provider (S&P) to calculate PD. The model is configured to allow multiple economic scenario inputs in the estimation of forward-looking PDs. The data is sourced from multiple sources (i.e., IMF, S&P, and World Bank). The scenarios identified are base, base -negative and base-positive scenarios, each scenario is assigned a weight.

33. Credit risk (continued)

The model incorporates the following forward-looking information projected out 5 years.

1. GDP Growth (%) – Inflation is captured under GDP Growth
2. Change in Unemployment (% total labour force)
3. Change in Equity Index (%)
4. Change in Energy Index (%)
5. Change in Non-Energy Index (%)
6. Change in the Proportion of Downgrades (%)

The forward-looking information is incorporated accordingly on top of Long-Term cumulative PD. The model uses multiple economic scenarios in estimating the PiT PD and the PiT LGD. The methodologies for estimating these two are summarised below:

PiT PD –Methodology Overview

Ultimately, the goal is to estimate a forward-looking PiT PD term structure for a given entity. There are three steps involved in achieving this objective:

- Assign credit quality indicator (i.e., credit score/rating) to obligor using internal rating if the obligor is not externally rated.
- Map credit rating to long-term probability of default term structure based on S&P Global default data (otherwise known as through-the-cycle (TTC) PD). These have been produced by S&P Global Market Intelligence for over 15 years for Basel Bank Capital Adequacy assessment under the internal ratings-based approach or IRB.
- Use systematic factors to adjust PD term structure for position in the credit cycle. (i.e., Apply Credit Cycle Projection Overlay). The aim of the Overlay is to convert PD curves based on long-term average default rates (as described above) into forward-looking PD curves considering current and future economic conditions.

The conversion process looks at the historical relationship between long-term PDs for a particular year and the observed (annual) default rate for the same year (known as the 'Z-factor') and a set of systematic factors for the year. This is then compared with the expected systematic factors and long-term PDs for a future year to estimate the PiT PDs for that future year.

In general, LGD for secured exposures are impacted by collateral values, the values of which vary with economic and credit cycles. The LGD for unsecured exposures also vary with time as the general condition of obligors track the credit cycle. Furthermore, the EAD, which is directly linked to LGD, also varies with the credit cycle for most exposures. Thus, the three most important factors for term structure LGD are:

Position in cycle – Reflected in the economic expectations factor in the calculation.

Collateral values – Reflected in the collateral value inputs in the formula

EAD – Direct input as the facility or exposure equivalent.

Thus, the term structure of LGD can be accurately estimated by forecasting only three elements, with the first and last often the most important. These observations are also supported by academic analysis conducted in this area of credit risk.

33. Credit risk (continued)

The model is designed to estimate LGD under three distinct economic scenarios/expectations. This granularity enables the model to meet IFRS 9 requirements on Multiple Economic Scenarios (MES) in the estimation of ECL. The three scenarios are Positive, Neutral and Negative Economic Expectations.

Positive: The Bank has positive economic expectations over the short-term (1 to 3 years) for the country/region to which the obligor is exposed. This is predicted by expectations of positive GDP growth and low (and sustained) unemployment (amongst other positive indicators), above that which is usually experienced in the average part of the credit cycle.

Neutral: This selection is appropriate in cases where the expectations are of little or no GDP growth. Stagnating growth in other relevant factors are also expected. This phase is typically between a trough and peak of a credit cycle.

Negative: This selection signals the expectation of an impending economic downturn, typically signaled by the expectation of consecutive quarter-on-quarter declines in GDP.

The final LGD is weighted based on the probabilistic economic scenario to materialise. This example shows the exact procedure:

Economic Expectations	LGD	Probability of Economic Scenario Materialising	Probability Weighted LGD
Positive	34.34%	30%	34.24% x 30% = 10.30%
Neutral	39.23%	30%	39.23% x 30% = 11.77%
Negative	43.90%	40%	43.90% x 40% = 17.56%
Final LGD (10.30% + 11.77% + 17.56%) = 39.63%			

For the purposes of deriving a term structure for LGD the economic expectations factor is an essential factor, which can be forecast with both confidence and relative ease for future years.

As the estimation of PD and LDG is key to the calculation of the Bank's ECL as sensitivity analysis has been done by flexing the PD and LGD estimates for the portfolio and the results are given below:

- A 20% increase in the loss given default (LGD) across the whole portfolio will result in an increase of £1.97m in the impairment allowance.
- A 10% increase in the probability of default (PD) across the whole portfolio will result in an increase of £0.99m in the impairment allowance.

H. Credit quality – IFRS 9 expected loss model

The Bank monitors credit risk per class of financial instrument. The tables below outline the classes identified, as well as the financial statement line items and the notes that provide an analysis of the items included in the financial statement line for each class of financial instrument.

An analysis of the Bank's credit risk concentrations per sector and concentration by region for each class of financial asset is provided in the following tables. The amounts in the table represent net carrying amounts.

33. Credit risk (continued)

Cash and cash equivalent with central banks

£'000	2024	2023
Concentration per sector		
K - Financial and insurance activities	15,397	27,447
Total	**15,397**	**27,447**
Concentration by region		
Rest of Europe	15,397	27,447
Total	**15,397**	**27,447**

Due from banks

£'000	2024	2023
Concentration per sector		
K - Financial and insurance activities	66,588	40,848
Total	**66,588**	**40,848**
Concentration by region		
Rest of Europe	18,729	10,223
United Kingdom	3,452	3,149
Africa	19,437	12,964
Americas	24,953	6,673
Asia	17	7,839
Total	**66,588**	**40,848**

Loans and advances to customers

£'000	2024	2023
Concentration per sector		
Mining and quarrying	-	11,575
Manufacturing	5,763	8,088
Construction	2,077	3,265
Wholesale and retail trade	9,151	1,367
Information and communication	4,138	1,418
Public administration and defence, compulsory social security	7,856	2,619
Total	**28,985**	**28,332**
Concentration by region		
Rest of Europe	3,953	3,337
United Kingdom	1,359	11,575
Africa	18,864	12,062
Americas	-	164
Asia	4,809	1,194
Total	**28,985**	**28,332**

33. Credit risk (continued)

Financial investments - Amortised Cost

£'000	2024	2023
Concentration per sector		
K - Financial and insurance activities	38,284	50,868
O - Public administration and defence, compulsory social security	42,530	32,021
Total	**80,814**	**82,889**
Concentration by region		
Africa	76,650	78,754
Asia	4,164	4,135
Total	**80,814**	**82,889**

Financial investments - FVOCI

£'000	2024	2023
Concentration per sector		
K - Financial and insurance activities	8,031	15,764
O - Public administration and defence, compulsory social security	49,552	21,903
Total	**57,583**	**37,667**
Concentration by region		
Rest of Europe	28,618	8,127
Africa	20,900	21,903
Americas	8,065	7,637
Total	**57,583**	**37,667**

Below is an analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Due from banks

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
AAA to A-	36,778	-	-	36,778
BBB+ to B-	23,677	-	-	23,677
CCC to D	6,333	-	-	6,333
Unrated	-	-	998	998
Total gross carrying amount	**66,788**	**-**	**998**	**67,786**
Loss allowance	(699)	-	(499)	(1,198)
Carrying amount as at 31 December 2024	**66,089**	**-**	**499**	**66,588**

33. Credit risk (continued)

Loans and advances to customers

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
AAA to A-	-	-	-	-
BBB+ to B-	25,317	-	-	25,317
CCC+ to C-	17	3,938	-	3,955
D	-	-	4,896	4,896
Unrated	-	-	-	-
Total gross carrying amount	**25,334**	**3,938**	**4,896**	**34,168**
Loss allowance	(51)	(236)	(4,896)	(5,183)
Carrying amount as at 31 December 2024	**25,283**	**3,702**	**-**	**28,985**

Financial investments - Amortised Cost

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
AAA to A-	4,164	-	-	4,164
BBB+ to B-	58,511	4,200	-	62,711
CCC to D	-	15,976	-	15,976
Total gross carrying amount	**62,675**	**20,176**	**-**	**82,851**
Loss allowance	(472)	(1,565)	-	(2,037)
Carrying amount as at 31 December 2024	**62,203**	**18,611**	**-**	**80,814**

Financial investments - FVOCI

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
AAA to A-	36,682	-	-	36,682
BBB+ to B-	11,735	2,176	-	13,911
CCC to D	-	-	6,990	6,990
Carrying amount as at 31 December 2024	**48,417**	**2,176**	**6,990**	**57,583**

Due from banks

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
AAA to A-	10,034	-	-	10,034
BBB+ to B-	19,182	-	-	19,182
CCC to D	7,914	2,716	2,327	12,957
Unrated	-	-	-	-
Total gross carrying amount	**37,130**	**2,716**	**2,327**	**42,173**
Loss allowance	(42)	(422)	(861)	(1,325)
Carrying amount as at 31 December 2023	**37,088**	**2,294**	**1,466**	**40,848**

33. Credit risk (continued)

Loans and advances to customers

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
AAA to A-	-	-	-	-
BBB+ to B-	14,450	1,241	-	15,691
CCC+ to C	5,597	5,109	-	10,706
D	-	-	7,348	7,348
Unrated	-	-	-	-
Total gross carrying amount	**20,047**	**6,350**	**7,348**	**33,745**
Loss allowance	(106)	(114)	(5,193)	(5,413)
Carrying amount as at 31 December 2023	**19,941**	**6,236**	**2,155**	**28,332**

Financial investments - Amortised Cost

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
AAA to A-	4,135	-	-	4,135
BBB+ to B-	35,616	-	-	35,616
CCC to D	28,243	4,151	15,684	48,078
Total gross carrying amount	**67,994**	**4,151**	**15,684**	**87,829**
Loss allowance	(1,094)	(317)	(3,529)	(4,940)
Carrying amount as at 31 December 2023	**66,900**	**3,834**	**12,155**	**82,889**

Financial investments - FVOCI

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
AAA to A-	7,637	-	-	7,637
BBB+ to B-	22,843	-	-	22,843
CCC to D	-	1,905	5,282	7,187
Carrying amount as at 31 December 2023	**30,480**	**1,905**	**5,282**	**37,667**

I. Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are cash collateral, insurances, guarantees and tangible assets independently valued. Collaterals relate to instruments that are measured at amortised cost. The total insured amount utilised as credit risk mitigation for the assets held as at the year-end is £28.66m (2023: £34.5m).

J. Loss allowances – IFRS 9 expected loss model

The tables below analyse the movement of the loss allowance during the year per class of assets.

Due from banks

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	**(42)**	**(422)**	**(861)**	**(1,325)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	(657)	422	362	127
Loss allowance as at 31 December 2024	**(699)**	**-**	**(499)**	**(1,198)**

33. Credit risk (continued)

Loans and advances to customers

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	**(106)**	**(114)**	**(5,193)**	**(5,413)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	55	(122)	(30)	(97)
Write off with no P&L impact	-	-	327	327
Loss allowance as at 31 December 2024	**(51)**	**(236)**	**(4,896)**	**(5,183)**

Financial investments - Amortised Cost

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	**(1,094)**	**(317)**	**(3,529)**	**(4,940)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	622	(1,248)	3,529	2,903
FX and other movements	-	-	-	-
Loss allowance as at 31 December 2024	**(472)**	**(1,565)**	**-**	**(2,037)**

Financial investments - FVOCI

£'000 - 2024	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	**(99)**	**(146)**	**(1,743)**	**(1,988)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
FX and other movements	85	86	377	548
Loss allowance as at 31 December 2024	**(14)**	**(60)**	**(1,366)**	**(1,440)**

Due from banks

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**(571)**	**(138)**	**-**	**(709)**
Movement with P&L impact				
New financial asset originated or purchased	(9)	-	-	(9)
Changes in PDs/LGDs/EADs	538	(284)	(861)	(607)
Loss allowance as at 31 December 2023	**(42)**	**(422)**	**(861)**	**(1,325)**

Loans and advances to customers

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**(568)**	**(127)**	**(5,925)**	**(6,620)**
Movement with P&L impact				
New financial asset originated or purchased	(35)	(51)	-	(86)
Changes in PDs/LGDs/EADs	497	64	265	826
FX and other movements	-	-	467	467
Loss allowance as at 31 December 2023	**(106)**	**(114)**	**(5,193)**	**(5,413)**

33. Credit risk (continued)

Financial investments - Amortised Cost

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**(701)**	**-**	**(3,881)**	**(4,582)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	(393)	(317)	352	(358)
FX and other movements	-	-	-	-
Loss allowance as at 31 December 2023	**(1,094)**	**(317)**	**(3,529)**	**(4,940)**

Financial investments - FVOCI

£'000 - 2023	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	**(1,776)**	**-**	**-**	**(1,776)**
Movement with P&L impact				
New financial asset originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	1,677	(146)	(1,743)	(212)
FX and other movements	-	-	-	-
Loss allowance as at 31 December 2023	**(99)**	**(146)**	**(1,743)**	**(1,988)**

34. Liquidity risk

Liquidity risk is the risk that the Bank may encounter difficulty in meeting obligations associated with financial liabilities when they fall due under normal and stressed conditions. The Bank has obtained funding, with appropriate maturities, from its ultimate parent in order to meet its liquidity needs.

In stressed situations, the Bank will utilise funding arrangements under market repurchase agreements and deposits from the parent company. This funding will be provided on an arms-length basis. The liquidity position is assessed and managed under a variety of scenarios which are sufficiently covered in ILAAP under reverse stress test analysis.

The Bank has a comprehensive internal control framework for managing its liquidity risk and uses both quantitative and qualitative measures in the liquidity assessment process. The liquidity framework is designed to ensure that the Bank's liquidity resources are sufficient (in amount and quality) to meet its obligations as they fall due.

Liquidity risk on potential commitments is closely monitored by forward looking model and reports the forward-looking stressed liquidity position to the management on a daily basis.

The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions.

The liquidity reserves consist of cash with central banks and any other high quality liquid assets securities being sold immediately. The Bank focuses on exposures due to mature within the next month. However, the Bank also monitors all assets and liabilities over their contractual maturities.

Other assets and other liabilities have been excluded from tables below as these do not contribute to the Bank's liquidity position.

34. Liquidity risk (continued)

A. Liquidity reserves

The table below shows the liquidity reserves:

£'000	2024 Carrying amount	2023 Carrying amount
Balances with central banks	15,397	27,447
Unencumbered debt securities issued by sovereigns	32,687	4,135
Total	**48,084**	**50,082**

B. Maturity profile

The table below summarises the maturity profile of the Bank's assets and liabilities as at 31 December 2024 based on contractual repayment obligations.

£'000 - 2024	Less than 1 month	1 to 3 months	Over 3 to 12 months	1 to 5 years	Over 5 years	Total
Assets						
Balances with central banks	15,397	-	-	-	-	15,397
Due from banks	50,092	12,494	4,002	-	-	66,588
Derivative financial instrument	18	91	437	-	-	546
Loans and advances to customers	5,351	1,107	9,938	12,589	-	28,985
Financial Investments - FVOCI	-	24,597	19,136	13,850	-	57,583
Financial Investments - Amortised Cost	-	602	3,553	61,832	14,827	80,814
Total Assets	**70,858**	**38,891**	**37,066**	**88,271**	**14,827**	**249,913**
Liabilities						
Due to banks	57,134	-	3,998	91,949	-	153,081
Derivative financial instrument	80	79	709	-	-	868
Due to customers	44,717	-	-	-	-	44,717
Lease liabilities	12	24	195	1,457	200	1,887
Subordinated debt	-	175	-	-	14,649	14,824
Total Liabilities	**101,943**	**278**	**4,902**	**93,406**	**14,849**	**215,377**

The table below summarises the maturity profile of the Bank's assets and liabilities as at 31 December 2023 based on contractual repayment obligations.

34. Liquidity risk (continued)

£'000 - 2023	Less than 1 month	1 to 3 months	Over 3 to 12 months	1 to 5 years	Over 5 years	Total
Assets						
Balances with central banks	27,447	-	-	-	-	27,447
Due from banks	32,819	8,029	-	-	-	40,848
Derivative financial instrument	766	-	-	-	-	766
Loans and advances to customers	5,898	3,971	10,754	1,142	6,567	28,332
Financial Investments - FVOCI	8,126	382	18,552	10,607	-	37,667
Financial Investments - Amortised Cost	-	495	7,627	74,767	-	82,889
Total Assets	**75,056**	**12,877**	**36,933**	**86,516**	**6,567**	**217,949**
Liabilities						
Due to banks	33,895	9,167	-	77,878	-	120,940
Derivative financial instrument	48	21	-	-	-	69
Due to customers	39,083	9	3,135	-	-	42,227
Lease liabilities	72	145	652	855	-	1,724
Subordinated debt	-	184	-	-	15,372	15,556
Total Liabilities	**73,098**	**9,526**	**3,787**	**78,733**	**15,372**	**180,516**

The table below summarises the split of the statement of the financial position between short-term and long-term assets and liabilities and its purpose of the below table is to provide visibility of the short term liquidity covering one year period:

Assets	less than 1 year	more than 1 year	less than 1 year	more than 1 year
Balances with central banks	15,397	-	27,447	-
Due from banks	66,588	-	40,848	-
Derivative financial instrument	546	-	766	-
Loans and advances to customers	16,396	12,589	20,623	7,709
Financial Investments - FVOCI	43,733	13,850	27,061	10,606
Financial Investments - Amortised Cost	4,155	76,659	8,122	74,767
Total Assets	**146,815**	**103,098**	**124,867**	**93,082**
Liabilities				
Due to banks (Restated)	61,132	91,949	43,062	77,878
Derivative financial instrument	868	-	69	-
Due to customers	44,717	-	42,227	-
Lease liabilities	230	1,657	869	855
Subordinated debt	175	14,649	184	15,372
Total Liabilities	**107,122**	**108,255**	**86,411**	**94,105**

34. Liquidity risk (continued)

The above analysis shows the Bank has treated all demand customer deposits as repayable immediately, however long-term business relationships means that this is not the case in practice. The Bank has adequate arrangements to meet its liquidity requirements which are consistently monitored by Finance and Treasury & Capital Markets.

35. Market risk

Market risk is defined as “the risk of losses in ‘on’ and ’off’ balance sheet positions arising from movements in the market prices. The Bank is currently exposed to changes in interest rate risk, foreign exchange rate risk, price risk on debt securities and commodity price risk.

Market risk may be propagated by other forms of financial risk such as credit and market liquidity risks, prices potentially moving adversely for a number of reasons, including credit downgrading of securities held, general negative economic factors, and reduced liquidity. The key specific types of market risk relevant to the Bank are:

- Interest rate risk;
- Foreign exchange risk;
- Price risk on investments in debt securities; and
- Commodity price risk

The Bank’s control framework has been designed using a risk-based approach i.e., to address the business risks which have been identified as being the most relevant to the Bank as a result of the type of business undertaken and according to the way its operations have been organised. The other specific market type risks are managed and have the following potential financial impacts:

A. Interest rate risk

Banking book: Interest rate risk is the risk to earnings or capital arising from movement of interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among yield curves that affect Bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk). The evaluation of interest rate risk must consider the impact of complex, illiquid, hedging strategies or products, and also the potential impact on fee income that is sensitive to changes in interest rates. Banking Book includes amongst others the Bank’s trade finance, money market and lending activities which are designed to earn a profit through the generation of fees, commissions and from the interest margin over the Bank's cost of funds. Interest Rate Risk in the Banking Book (“IRRBB") is the risk to earnings or capital arising from movements in interest rates arising from:

- Repricing Risk - Relates to the timing mismatch in the maturity and repricing of assets and liabilities and off-balance sheet short- and long-term positions.
- Basis Risk - Risks arising from hedging exposure to one interest rate with exposure to a rate which reprices under slightly different conditions; and
- Yield Curve Risk - Risks arising from changes in the slope and the shape of the yield curve
- Excessive levels of IRRBB can pose a threat to an institution's earnings and capital base. Accordingly, effective risk management that maintains interest rate risk at prudent levels is essential to the safety and soundness of an institution.
- In BOA UK the following activities give rise to Interest Rate Risk:
  - Banking activities, including inter alia money market activities and the making of and accepting of loans.
  - Liquidity management, e.g., HQLA; and
  - Fixed income activities (Investment and Trading intent bond portfolios)
  - The Bank uses both the following measures to determine the magnitude of IRRBB.

35. Market risk (continued)

1) Economic Value of Equity measures

- An EVE approach evaluates the change in the net present value of all cash flows originating from banking book assets, liabilities, and off-balance sheet items resulting from a change in interest rates and assuming a run-off balance sheet.

2) Earnings-based measures

- An earnings-based approach evaluates the change in earnings (usually with a focus on net interest income) over a particular time horizon as a result of a movement in interest rates and based on certain balance sheet assumptions (e.g., run-off balance sheet, constant balance sheet, dynamic balance sheet).
- BOA UK's main interest rate risk (IRR) is the risk arising from the funding of loans and the bond portfolios. With most of the loan exposure being floating this risk is mainly associated with the bond portfolio.
- BOA UK IRRBB appetite is +/- 10% of Own funds and the ownership of the limit management is ALCO. If there is any change in our strategy to incorporate fixed-rate lending in the banking book, we will hedge by transferring the risk to the trading book.

Trading book: The Bank does not have a trading book.

The total sensitivity of all interest sensitive assets and liabilities arising over different time horizons over 10 subsequent years to the year end, has been calculated as follows:

£'000 - Impact on net interest income	2024	2023
Parallel shift in interest rates -2%	1,409	3,301
Parallel shift in interest rates +2%	(1,124)	(3,201)

Similarly, a rise or fall in interest rates of 2% would have a negative/positive impact of £1.14m (2023: £0.74m) on the valuation of the FVOCI debt securities through Other Comprehensive Income.

B. Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument denominated in foreign currency will fluctuate in domestic currency terms due to changes in exchange rates. The Bank's policy is to monitor market exposures by the risk team on a daily basis.

£'000 - 2024	USD	EURO	Other currencies
Net foreign currency exposures	(2,672)	16,620	2,257
Impact of 5% increase in foreign currency : GBP rate	133	(831)	(113)
Impact of 5% decrease in foreign currency : GBP rate	(133)	831	113

£'000 - 2023	USD	EURO	Other currencies
Net foreign currency exposures	932	1,236	185
Impact of 5% increase in foreign currency : GBP rate	(47)	(62)	(9)
Impact of 5% decrease in foreign currency : GBP rate	47	62	9

35. Market risk (continued)

C. Price risk on investments in debt securities

The Bank holds investments in debt securities, which are classified as FVOCI and Amortised Cost. The unrealised gains and losses on debt securities are monitored by the Treasury and Capital Markets traders and reported to the ALCO committee which makes decisions on whether or not to dispose of these assets prior to its maturity. The policy is to hold assets with a maximum residual maturity of 7 years and only in markets where the Bank has experience in order to minimise risk. A 1% price change would result in approximately £0.56m and £0.67m (2023: £0.37m and £0.70m) change in fair value of debt instruments held at FVOCI and at amortised cost, respectively.

36. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. BOA UK will ensure the systemic identification, management, mitigation, monitoring and reporting of operational risks and incidents. Under an effective business continuity program, in the event of a severe business disruption, BOA UK is able to continue to operate and to minimise losses (including those that may arise from disturbances to trading, payment and settlement systems). The Bank recognises the potential for significant and material adverse consequences of operational risks materialising as risk events. The key operational risks for BOA UK are:

Business activity risks:

- Trade finance risk: While trade finance carries elevated levels of operational risk, controls are in place to identify, measure and monitor these.
- Organization structure risk: Deficient communication between BOA UK and Parent Company (Bank of Africa) could lead to a misalignment of objectives and strategic purpose. Fail to Establish a network of operational risk coordinators in the business lines with prime responsibility to ensure smooth implementation of ORM processes tailored to the specific business.
- Organisational change risk: Lack of co-ordination between people and projects. The Loss of Data Collection or Incidents Data Collection that permits the permanent follow-up of risk profile changes.
- Manual processes: The risk that processes are not sufficiently automated to ensure outcomes are delivered to the required standard, and capacity elasticity to changes in volumes.

People Risk:

- Loss of key staff: The risk of unexpected loss of staff that have key knowledge about critical business activities.
- Change management: The risk that some staff will not agree to the business strategy and will resist the changes being made. This can disrupt the rate of progress and the effectiveness of operational processes and mitigants and have knock-on effect on other staff.
- Insufficient resources/skills: The risk that BOA UK will be able to obtain the appropriate staff with suitable skills in the short term to deliver upon the financial objectives.

Model Risk:

- Model errors: Incorrect assumptions, missing variables, wrong model selection
- Misuse: A correct model producing incorrect outcomes due to wrong use
- Data quality: Biased data can result in misleading outputs from the correct model
- Change: The model can become less effective overtime as the environment evolves over time.
- Implementation: Errors can occur during coding or deployment.

36. Operational risk (continued)

Technology Risk:

- Security: Traditional security solutions, such as firewalls, are becoming less effective against cyber-attacks as employees interact via open networks and carry sensitive information on portable devices. Although the Bank has zero appetite for cyber security risk, it recognises that for vendor and system specific reasons a modest risk appetite in specific areas will be required as it may fall out of BOA UK's control.

- Integration of new systems: Failure to fully integrate new systems into BOA UK's existing technological infrastructure inhibits its overall effectiveness. Similarly, failure to automate processes will jeopardise financial performance through increase in staff costs and heightened operational risk.

37. Conduct risk

The Regulators and the Board expects the Bank to examine all conduct, culture and behaviour that may affect the Bank, its customers and the wider financial markets it operates in. The Board takes a lead on Conduct Risk and:

- Defines the responsibilities or duties of each director and evaluates their performance in accordance with the Corporate Governance framework.

- Manages and approves reporting lines that seek to avoid conflict of interest.

- Owns and monitors Conduct Risk via good corporate governance arrangements such as:
  - Ensuring that regular Board and committee meetings are held in compliance with the Corporate Governance framework
  - Ensuring that the 'tone from the top' sets a good example to all staff

38. Compliance risk

Compliance risk is the risk of any governmental or regulatory penalties, economical loss or loss of reputation which BOA UK Plc may suffer as a result of failure to comply with or breach of its compliance obligations.

The UK regulatory regime has set the standards for conducts and observations of standard market practises. At the centre of the regulatory expectation is the Senior Management Certification Regime; – an arrangement for holding Senior Management accountable for outcomes of the Bank's conduct and practises within the regulatory environment.

The Bank's Compliance function has been setup to manage the Bank's Compliance risks by defining relevant Compliance policies and procedures in line with the Bank's obligations.

The Compliance framework responds to the following sources of Compliance risks:

- Regulatory Risks

- Financial Crime Compliance Risks

Through the Board oversight function (Audit Committee), the Compliance Committee and the Compliance department, the Bank performs its Compliance Risk Management function by promoting policies and procedures, advising business areas, Compliance risks assessments and monitoring and reporting of Compliance risks.

39. Fair Value

A. Fair Value Hierarchy

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and offer price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Derivatives are measured at Level 2, where the fair value is determined by applicable market forward rates.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1**: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2**: inputs other than quoted prices included within Level 1 that are observable directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3**: inputs that are unobservable. This category includes all instruments for which valuation technique includes inputs not based on observable data and the unobservable inputs have significant effect on the instrument's valuation.

The accounting policy for determining fair values is detailed on under "Fair value measurement and valuation process". Financial assets included in Level 3 are carried at amortised cost which approximate their fair values.

£'000 - 2024	Level 1	Level 2	Level 3	Total fair values
Assets				
Cash and balances with central banks	-	15,397	-	**15,397**
Amortised cost				
Due from banks	-	35,742	30,846	**66,588**
Loans and advances to customers	-	-	28,985	**28,985**
Fair value through profit & Loss				
Derivative financial instrument	-	546	-	**546**
Fair value through Other Comprehensive Income				
Investment securities - FVOCI	57,583	-	-	**57,583**
Amortised cost				
Investment securities – Amort. Cost	80,814	-	-	**80,814**
Liabilities				
Amortised cost				
Deposits from banks	-	43,646	109,435	**153,081**
Deposits from customers	-	-	44,717	**44,717**
Subordinated liabilities	-	-	14,824	**14,824**
Derivative financial instrument	-	868	-	**868**

39. Fair Value (continued)

All financial assets and liabilities carried at amortised cost approximate their fair values; except for the investment securities held at amortised cost whose fair value excluding accrued interest as at 31 December 2024 was £68.83m (2023: £69.83m).

Derivative financial instruments and investment in debt securities are held at fair value. All other financial assets and financial liabilities are held at historic or amortised cost. In the opinion of management, the value of these assets in the financial statements represents their fair value.

Assumptions and inputs used in valuation techniques include risk-free and Libor benchmark interest rates, discount rate, bond and equity prices.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market price exist and other valuation models.

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Where available, the fair value of loans and advances is based on observable market transactions. Where market transactions are not available, fair value is based on reasonable approximation of market values. For collateral-dependent impaired loans, the fair value is measured based on the value of underlying collateral.

The carrying amount of deposits taken from financial institutions and non-bank customers are based on reasonable approximation of market value.

£'000 - 2023	Level 1	Level 2	Level 3	Total fair values
Assets				
Cash and balances with central banks	-	27,447	-	**27,447**
Amortised cost				
Due from banks	-	27,125	13,723	**40,848**
Loans and advances to customers	-	-	28,332	**28,332**
Fair value through profit & Loss				
Derivative financial instrument	-	766	-	**766**
Fair value through Other Comprehensive Income				
Investment securities - FVOCI	37,667	-	-	**37,667**
Amortised cost				
Investment securities – Amort. Cost	82,889	-	-	**82,889**
Liabilities				
Amortised cost				
Deposits from banks	-	44,245	76,695	**120,940**
Deposits from customers	-	-	42,227	**42,227**
Subordinated liabilities	-	-	15,556	**15,556**
Derivative financial instrument	-	69	-	**69**

39. Fair Value (continued)

B. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting date and are indicative of neither the market risk nor the credit risk. For the valuation techniques used, please see above.

£'000 - 2024	Fair value of assets	Fair value of liabilities	Notional amount
Forward foreign exchange	12	158	26,056
Foreign exchange swaps	534	710	52,162
Derivatives held for trading	**546**	**868**	**78,218**

£'000 - 2023	Fair value of assets	Fair value of liabilities	Notional amount
Forward foreign exchange	2	49	33,206
Foreign exchange swaps	764	20	86,556
Derivatives held for trading	**766**	**69**	**119,762**

40. Capital management

A. Approach

The Bank's policy is to maintain a sufficient capital base to maintain stakeholders' confidence and to sustain the future development of the business. The impact of the level of the capital on shareholders' return is also considered and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

B. Regulatory capital

The Bank is managing and monitoring its capital resources as per the Total Capital Requirement (TCR) in addition to the Pillar 2B requirements as set out by the PRA. The Bank's capital resources consist of paid-up capital, retained earnings additional Tier 1 and Tier II capital. The Bank and its individually regulated operations have not reported any breaches on externally imposed regulatory capital requirements during the year and have been in compliance with the regulatory capital requirements throughout the year.

The Bank's own assessment of the capital required to hold against its risks is known as ICAAP (Internal Capital Adequacy Assessment Process) and the SREP (Supervisory Review and Evaluation Process) is the qualitative assessment of the ICAAP.

Tier 1 capital £41.44m (2023: 44.83m) all qualifies as Common Equity Tier 1 (CET1) capital) - it includes ordinary share capital, retained earnings, reserves and other comprehensive income (OCI) after adjustment for deductions for goodwill and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

40. Capital management (continued)

C. Monitoring

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operation and activities is, to a large extent, driven by optimisation of the return achieved and the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by the Credit and Risk Committees and is subject to review by the ALCO.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank’s long-term strategic objectives. The Bank’s policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Certificate Of Completion

Envelope Id: 6E163447-C5B5-4B7F-BD3E-91835ABB4299 | Status: Completed

Subject: Complete with Docusign: Bank of Africa - Financial Statements 31 Dec 2024 FINAL.pdf

Source Envelope:

Document Pages: 102	Signatures: 1	Envelope Originator:
Certificate Pages: 3	Initials: 0	Elizabeth Milton
AutoNav: Enabled		Finsgate
EnvelopeId Stamping: Disabled		5-7 Cranwood St
Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London		London, London, City of EC1V 9EE
		elizabeth.milton@gravita.com
		IP Address: 151.227.233.192

Record Tracking

Status: Original 31 July 2025 | 14:00	Holder: Elizabeth Milton elizabeth.milton@gravita.com	Location: DocuSign

Signer Events	Signature	Timestamp
Gravita Audit II Limited daniel.rose@gravita.com Partner Gravita Audit II Limited Security Level: Email, Account Authentication (None)	Gravita Audit II Limited Signature Adoption: Pre-selected Style Using IP Address: 82.132.228.233 Signed using mobile	Sent: 31 July 2025 | 14:02 Viewed: 31 July 2025 | 15:09 Signed: 31 July 2025 | 15:12

Electronic Record and Signature Disclosure:
Accepted: 31 July 2025 | 15:09
ID: ebae3c35-623e-4b9c-8de8-97ba01aa405e
Company Name: Gravita Business Services

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	31 July 2025 | 14:02
Certified Delivered	Security Checked	31 July 2025 | 15:09
Signing Complete	Security Checked	31 July 2025 | 15:12
Completed	Security Checked	31 July 2025 | 15:12

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Gravita Business Services (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Gravita Business Services:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: chris.harvey@gravita.com

To advise Gravita Business Services of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at chris.harvey@gravita.com and in the body of such request you must state: your

previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Gravita Business Services

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to chris.harvey@gravita.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Gravita Business Services

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to chris.harvey@gravita.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Gravita Business Services as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Gravita Business Services during the course of your relationship with Gravita Business Services.