Company Registration No 04406777

Bank of Beirut (UK) Ltd

Annual Report and Financial Statements

31 December 2024

Bank of Beirut (UK) Ltd

Annual report and financial statements 2024

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Officers and professional advisers

Directors

Salim G Sfeir (Chairman)
Sophoklis Argyrou
Martin Osborne
Fawaz H Naboulsi
Marcus John S Trench (retired 31 March 2025)
Anthony J Bush (retired 31 March 2025)
Ramzi Saliba
Antoun Samia
Mounir Lyan
Jane Lloyd (appointed 1 May 2024)
Kevin Flannery (appointed 1 October 2024)

Registered office

66 Cannon Street
London
EC4N 6AE

Bankers

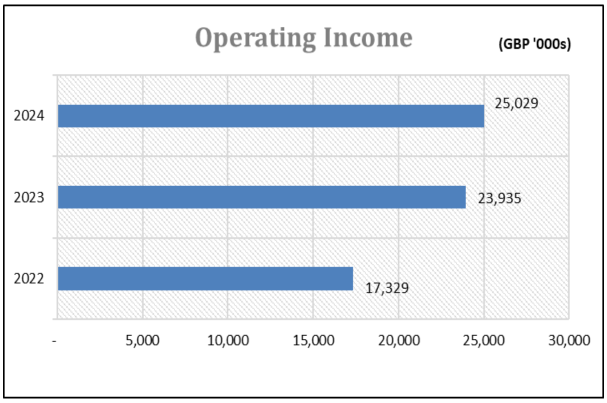
NatWest Bank plc
250 Bishopsgate
London
EC2M 4AA

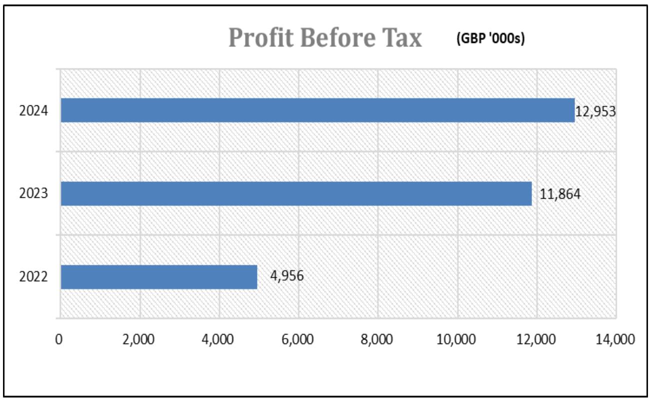
Auditor

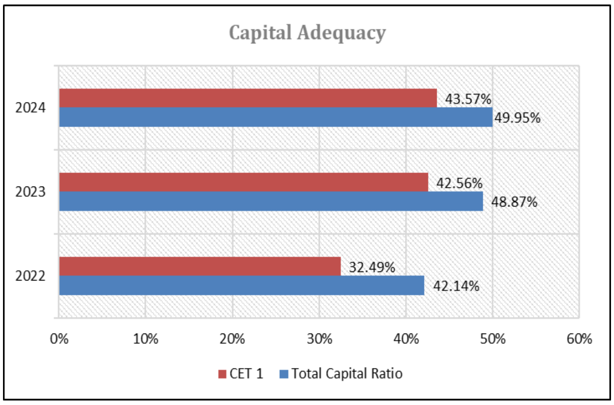
MHA
2 London Wall Place
London
EC2Y 5AU

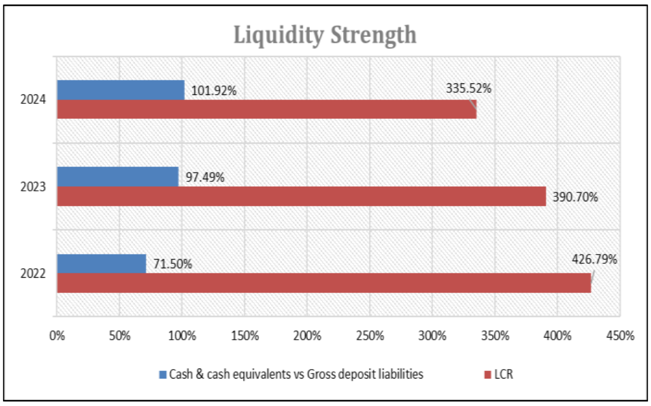
Bank of Beirut (UK) Ltd

Financial highlights









The Capital Adequacy graph shows two ratios, CET 1 which includes only Tier 1 Capital i.e. Shareholders' Funds whilst the Total Capital Ratio includes additionally any qualifying subordinated debt (Tier 2). These figures are divided by the Bank's Risk Weighted Assets. The Liquidity Coverage Requirement (LCR) is a regulatory stress of the Bank's cash-flow mismatch risk. As a minimum the Bank must hold a buffer of qualifying High Quality Liquid Assets (HQLAB) sufficient to cover its stressed net cumulative liquidity position at the end of a 30-day period on a consolidated currency basis. The buffer may be used to cover net liquidity outflows during periods of stress. The LCR regulatory requirement is 100%.

Key Financial highlights (£'000)	2024	2023	2022
Operating Income	25,029	23,935	17,329
Loan Impairments & Provisions	(241)	736	2,669
Profit before Tax	12,953	11,864	4,956
Total Comprehensive Income	9,670	8,899	3,976
Total Assets	482,771	367,529	406,004
Total Loans & Advances	121,491	121,214	161,651
Total Equity (inc. shareholders funds)	120,214	114,995	108,084
Total Capital Ratio	49.95%	48.87%	42.14%
CET 1 Capital Ratio	43.57%	42.56%	32.49%
LCR Ratio	335.52%	390.70%	426.79%
Administrative expenses to Operating Income Ratio	48.88%	47.22%	55.78%
Cash & Cash equivalents / Total Assets	69.72%	60.08%	45.09%
Cash & Cash equivalents / Gross Deposit liabilities	101.92%	97.49%	71.50%

Chairman's statement

Bank of Beirut (UK) Ltd is a UK based bank with its Head office in the City of London. It is regulated by the UK Prudential Regulation Authority and Financial Conduct Authority.

I am delighted to be able to report another record year in the performance of our business, generating profit before tax of £12.9m, an increase of 9.1% over 2023. This was achieved whilst maintaining our continued financial prudence in managing key capital and liquidity ratios, closing 2024 with a CET1 capital ratio of 43.57% and LCR at 335.52%, both well in excess of minimum regulatory requirements.

After the significant increases seen across base interest rates in all markets in prior years to help stem inflationary pressures, we finally saw the effects of the gradual reduction in those rates during 2024, although not to the extent anticipated. The intent of these reductions was to enable markets and businesses to regroup and look positively to a future of lower borrowing costs and a path to more sustainable growth. Our primary trade finance markets in West Africa have demonstrated improved economic stability during the last 12 months supported by internal political and technical reforms combined with systems enhancements leading to a positive business sentiment.

In Lebanon, a ceasefire with Israel was agreed in November 2024 and continues to hold, despite the re-ignition of the conflict between Israel and Gaza. The recently elected President is committed to the ceasefire, along with the Prime Minister who was appointed in early 2025 and the new Governor of the Central Bank. With these appointments and the formation of a new government, we are confident that there is a clear mandate to direct Lebanon forward to deliver upon much needed financial and economic reforms with the support of the IMF.

Notwithstanding the more positive commentary, the Bank, with the support of the Board, continues to follow a path of conservatism in its approach to risk appetite with strong liquidity and capital remaining at the very core of its activities and decision making. Noting the aforementioned gradual reduction in interest rates during 2024, a move to increase Bank deposits in support of our off-balance sheet trade finance activities enabled the Bank to retain increased and more conservative low credit risk cash based assets on its books, counteracting the higher yielding loan book which remained stable year on year at £121m.

The increase in total deposits from £226m to £330m in the year enabled the Bank to grow its cash-based assets and net interest income earnings by 9.4% to £17.9m. This partially offset lower fee income for the year, which was correlated to the increase in unconfirmed letters of credit. Nevertheless, the Bank attained an overall record total income of £25m. As the Bank commenced its project to replace its core and digital banking platforms in 2024 with completion due in mid-2025, its administrative expenses including related IT services, increased by 8.24% to £12.2m and the overall Total Comprehensive Income for the year after tax was £9.67m, up from £8.9m in 2023.

The Bank's record results has led to total shareholder's funds and retained earnings at year end of £136.0m which enabled the Board to approve a dividend payment to its shareholder of £4.83m (2023 - £4.45m).

Despite the positive sentiments, our key markets remain challenging, with further interest rate reductions anticipated in 2025 and uncertainties remaining across the globe, potentially impacting trade. Therefore, the Bank will continue to operate with a close eye on minimising credit risk whilst strategically pricing trade and other risk assets in support of our business franchises. If we follow these principles, then we expect that the Bank will deliver continuing positive results for the shareholder and the wider Bank of Beirut group in the year ahead.

With our new core banking and digital platforms coming to the fore in 2025, we look forward to further enhancing the Bank's delivery capabilities to better meet our customers' needs. These projects and the development of the Bank's business opportunities is only achieved however, with the dedication and support of our board, management and staff in London.

Chairman's statement

One final word of thanks to our two retiring independent Non-Executive Directors, John Trench and Tony Bush, both of whom had served on the board since 2014 and who throughout that period had demonstrated fully their commitment and diligence in the board governance and oversight of the Bank, ensuring that they left the Bank in the strong position it finds itself today. Thank you, gentlemen.

S. G. Sfeir
Chairman

22 April 2025

Bank of Beirut (UK) Ltd

Strategic report

Strategic Positioning

Bank of Beirut (UK) Ltd ("the Bank") is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It commenced its UK operations in December 2002, although historically the Bank has maintained a presence in London since 1981. The Bank provides important retail deposit and payment services to the Lebanese community based in the UK and overseas.

As the only UK incorporated Lebanese owned bank, the Bank's aim is to leverage its affinity with Lebanon and its diaspora. The Bank markets itself primarily as a boutique trade finance house, with a correspondent banking network which reaches all major export geographies. The Bank specialises in all aspects of export trade finance with an established coverage of Financial Institutions across Sub-Saharan West and East Africa and to a lesser extent, Northern African countries. In addition, The Bank acts as a confirming house for several banks operating in the Middle Eastern region. The Bank's comprehensive service covers the full range of trade finance products, the financing of which is primarily of a short-dated nature (up to 180 days) but with occasional medium-term transactions.

To supplement its trade activities the Bank also provides traditional lending services to its retail and corporate clients with a modest loan book of £62m (2023 - £42m) and at the same time, under its UK deposit taking license, manages a customer deposit base of £168m (2023 - £137m). All eligible deposits, £43.3m (2023 - £40.1m), are covered by the Deposit Protection Scheme which is overseen by the UK Financial Services Compensation Scheme (FSCS).

Developments in Operating & Market Environment

Israel and Lebanon's ceasefire still in place with US sponsored land border negotiations offering hope for peace

At the time of writing the ceasefire declared between Israel and Lebanon in November 2024 was still technically ongoing, despite Israel occupying Lebanese territories along the southern Lebanese border with Israel beyond the February 2025 deadline for its full withdrawal. The ceasefire remains fragile with Israel continuing breaches across the southern border and even striking the southern suburbs of Beirut in late March for the first time since the start of the ceasefire. The President and the Lebanese Government are committed to the ceasefire and continue to rally international support for the country's right to full territorial sovereignty.

With a push from the US, Israel and Lebanon have agreed to open negotiations to resolve longstanding disputes over the land border between the countries. As part of the agreement between the parties, trilateral working groups will be established to negotiate on three issues: the land border disputes between Israel and Lebanon; the issue of Lebanese prisoners held by Israel and the conditions for Israel's withdrawal from five remaining outposts in southern Lebanon. In 2022 the Biden US administration brokered a deal on the maritime border demarcation between Israel and Lebanon.

Lebanon – with a President elected, Prime Minister named, Government formed, and Banque Du Liban Governor appointed, Lebanon's future looks brighter

Lebanon's parliament elected General Joseph Aoun as President on 9 January 2025, ending a two-year stalemate. Parliament had failed to elect a president 12 times following the end of the previous presidential term in October 2022. The 60-year-old was elected president after receiving 99 parliamentary votes and attaining the two-thirds majority required in the 128-seat parliament. He had served as the commander of the Lebanese army since March 2017 and his election was widely supported by the US, EU and Middle Eastern countries. President Aoun has pledged to work during his six-year term to ensure that the Lebanese state has "the exclusive right to bear arms". He will also prioritise repairing the destruction caused by "Israeli aggression" in southern Lebanon, Beirut's southern suburbs and the eastern Bekaa Valley, which the World Bank estimates will cost $8.5bn (£6.9bn). He also promised that he would push through the necessary political and economic reforms to lift Lebanon out of its multiple crises since October 2019.

Following the election of the President and in the space of a few days, Nawaf Salam, the president of the International Court of Justice (ICJ) at the Hague, was named as Lebanon's new Prime Minister on 13 January 2025. Two thirds of the 128 members of parliament nominated the 71-year-old judge for the post, reserved for a Sunni Muslim under the sectarian power sharing system. In his first speech as Prime Minister, Nawaf Salam stated that he would “immediately start coordinating” with new President Joseph Aoun to “rebuild the project for the new Lebanon,” adding that he wants to work with all Lebanese people and factions. He was also very critical of Israel’s occupation “of Lebanese land.” In addition, he laid out his plans and promises to the Lebanese people with further reforms and reconstruction and he emphasized four top objectives: fully implementing the Taif Accord, signed in 1990 to end the country’s civil war; implementing every term of the ceasefire agreement signed with Israel in November 2024; ensuring that “state authority is established across all Lebanese territory”; and seeking justice for the victims of the 2020 Beirut port explosion.

After more than three weeks of talks with rival political parties in Lebanon, Prime Minister Salam formed a new 24-member cabinet government on 8 February 2025. The cabinet finalised its ministerial statement on 17 February 2025. The ministerial statement is a constitutional requirement which outlines the government’s vision and policy priorities and in a major break from past policies it scrapped the term “armed resistance” while vowing to establish a state monopoly on arms. It was submitted to parliament for a vote of confidence on 26 February 2025, where Lebanon's new government secured a vote of confidence, receiving the absolute majority required including 95 votes of confidence from the 128-seat parliament. The ministerial statement, pledged to extend “state sovereignty across all its territories exclusively with its own forces”. It also committed to deploying the army “in internationally recognised Lebanese border areas” and emphasised the need to implement a commitment by President Joseph Aoun on “the state’s duty to monopolise the bearing of weapons” and “deciding on war and peace”. It also vowed to adopt a “foreign policy that works to make Lebanon neutral from axis conflicts” and ensure “Lebanon is not used as a platform for attacking” Arab and friendly countries. The ministerial statement approved by parliament also allows the new administration to begin passing legislation and making major appointments to the judiciary, security forces and central bank.

A further development saw the appointment of Karim Souaid to the post of central bank Governor (Banque du Liban “BDL”) on 27 March 2025. Souaid replaces interim governor Wassim Mansouri, who led the central bank after Riad Salameh’s 30-year tenure ended in 2023. Mr Souaid, an ex-HSBC banker, brings extensive experience in privatization, banking regulations and structuring large-scale economic transitions in the Middle East. He is also the founder and managing partner of the Bahrain-based private investment firm Growthgate Equity Partners. The new Governor’s priorities include restarting talks with the IMF, negotiating sovereign debt restructuring and the restructuring of the banking sector, as well as rebuilding foreign exchange reserves. After meeting with Lebanon’s new Finance Minister, Yassine Jaber in February 2025, and receiving Lebanon’s renewed request for support, the IMF expressed openness in considering and approving a new programme for Lebanon.

Despite the unprecedented economic challenges, the wider Lebanese banking system continues to be resilient with “fresh dollars” flowing in and out of the system and the country freely, at the expense of “Lollars” or local Dollars in the banking system predating the November 2019 financial crisis (including all foreign currency accounts). These local Dollars can only be withdrawn monthly in restricted small US Dollar amounts or in Lebanese Lira at a US Dollar exchange rate set by the BDL.

It is important to report, in line with the Bank’s risk appetite as directed by the Board, that the Bank in the UK continues to have minimal credit risk exposure to the Lebanese Government, its parent Bank of Beirut

Strategic report

Sal, other 3rd party Lebanese Financial Institutions and to Lebanese corporates and individual account holders who derive their income from Lebanon.

Performance highlights

The Bank closed the year with a record Profit after Tax of £9.67m for the 12 months to 31 December 2024, registering an 8.7% increase on the £8.90m achieved in the equivalent period in 2023 which was also the highest Profit after Tax recorded for the Bank since its inception. The 12-month period to 31 December 2024 saw the Bank of England, the US Fed and the EU ECB cut their respective base interest rates from the highs of 2024, reducing by 0.5% to 4.75% by November 2024, by 1% to 4.5%-4.75% by December 2024 and by 1% to 3% by December 2024 respectively. Despite these base interest rate reductions and the Bank's ongoing conservative stance towards low credit risk asset leverage (25.17% of total assets) and high liquid cash and cash equivalent asset holdings (69.71% of total assets), the Bank was still able to maintain and increase both its Interest Income and Net Interest Income returns of £23.83m (2023 - £20.69m) and £17.96m (2023 - £16.42m) respectively. It should however be noted that the GBP and USD interest rate easing, which covers the bulk of the Bank's on-balance sheet assets and liabilities, started in August and September respectively, therefore only impacting the last 4 to 5 months of its 2024 interest income performance.

The increase in the Bank's Interest Income of £1.54m, was driven by growth in the Bank's total balance sheet assets funded by an increase in deposits by banks of £73.2m or 82%, from just over £89.1m at the close of December 2023 to £162.3m as at 31 December 2024 and an increase in customer account balances of £30.6m or 22%, from £137.4m as at the of close December 2023 to £168m as at 31 December 2024. The growth in deposits by banks arose as a result of the pursuit of a higher volume of unconfirmed Letters of Credit, with the Bank processing an additional US$83.2m of these Letters of Credit during 2024, which in turn required banks to hold higher average and absolute balances to cover their settlement. The increase in customer account balances reflected efforts by the Bank to increase utilisation of existing trade finance facilities by corporate customers, which required increased working balances with the Bank, as well as a policy to maintain and increase deposit balances going forward.

It is important to note that the additional assets funded by the increase in deposits by bank liabilities and customer account liabilities of £73.2m and £30.6m respectively, did not fund any commensurate increase in the Bank's loans and advances to customers which, at £121.4m for end December 2024, remained at the same levels as December 2023. The additional funds from the increased liabilities were invested in the form of increases in cash and balances at banks of £42.5m, placements with banks of £54.7m and financial assets of £18.5m. In turn, interest income earned from these additional cash and cash equivalent assets, such as from loans and advances to banks (including balances with the Bank of England) and financial assets such as US Treasury holdings and European Government Bonds with short-term maturities under 1 year, increased to £17.2m and £2.3m respectively for the 12 month period to 31 December 2024 as opposed to £15.9m and £1.3m during the equivalent period in 2023.

On the back of the higher net interest income, the Bank's operating income improved to a record £25.03m for the 12-month period to 31 December 2024 as opposed to £23.93m for equivalent period in 2023. This was achieved despite fees and other non-interest income registering a reduction of £444k (5.90%) during 2024 notwithstanding the increase in unconfirmed Letters of Credit processed. Administrative expenses increased by £930k over the same period, predominantly due to additional IT costs, including depreciation and related unrecoverable VAT costs, associated with the investment in the Bank's new core banking and digital banking systems. These costs are projected to increase further during 2025 as the largest tranche of the new systems implementation costs are expensed and amortised. Overall staff costs increased by £301k, with a material part also down to additional HR resources required to support the systems upgrade.

Strategic report

In terms of total balance sheet asset growth, as at 31 December 2024 the Bank closed the year with Total Assets of £482.8m, an increase of £115.3m or 31.4% compared to £367.5m as at 31 December 2023 As already referred to, this increase in total assets was predominantly funded by an increase of £73.2m in correspondent bank liabilities, £30.6m in customer account liabilities, and £10m in other liabilities in the form of sundry creditor balances representing a correspondent bank late remittance. Following the Bank's conservative stance, in the face of continuing economic uncertainty in Lebanon, exacerbated by the war with Israel, a low credit risk asset leverage and a strong capital base have been maintained. In turn as at 31 December 2024 loans and advances to customers, including banks, closed at £121.5m (2023 - £121.2m) whereas total shareholders' funds, including the Bank of Beirut Group term Subordinated Loan, stood at £136m (2023 - £131m), recording a leverage ratio of 21.19% compared to the regulatory minimum of 3.25%.

In concert with the Bank's conservative approach to low credit risk asset leverage and strong capital base, a robust liquidity position was also maintained. As at year end 2024, cash and cash equivalent assets stood at £336.6m (2023 - £220.8m), including High Quality Liquid Assets (HQLA), and accounted for 69.7% (2023 – 60%) of Total Assets. With cash and cash equivalents at £336.6m the Bank's strong liquidity position as at 31 December 2024 improved further covering 102% of the Bank's customer and bank liabilities of £167.9m and £162.3m respectively for a total of £330.2m as opposed to £220.8m and £226.5m respectively for 2023 which represented 97% coverage. The high proportion of cash and cash equivalent assets over total assets remains a conscious decision of the Bank to continue to support our customers and franchise through the holding of strong liquidity and capital positions. The maintenance of liquidity and capital resources that far exceeded its specific minimum regulatory requirements, demonstrates the Bank's responsible and conservative approach to business, sacrificing short-term increases in profitability for long term resilience.

The high cash and cash equivalent assets enabled the Bank to report a Liquidity Coverage Ratio (LCR) of 335.52% as at 31 December 2024, compared to 390.70% in 2023, noting that the reduction in LCR was purely down to the increase in customer account and bank deposit liabilities of 45.8%. The Bank's LCR ratios remain well ahead of the regulatory PRA minimum of 100%. The Bank continues to maintain high average HQLA balances, reporting £125m at the close of 2024 (2023 - £93.4m) including £68m with the Bank of England.

In terms of the Bank's capital position, as at 31 December 2024 the Bank reported increased total equity of £120.2m (2023 - £115.0m). When combined with the PRA approved Tier 2 capital qualifying USD Subordinated Loan by Bank of Beirut Sal this leads to total capital resources of £136m (2023 - £131.1m). After accounting for on- and off-balance sheet exposures, the Bank reported a total capital adequacy ratio of 49.95% (2023 – 48.87%) due to an increase in risk weighted assets and increased retained earnings as at 31 December 2024. Based on regulatory capital reporting requirements as at 31 December 2024 the Bank's Total Capital headroom was £104.9m (2023 - £77m), which again demonstrates the Bank's conservative appetite towards risk and its drive to maintain strong capital positions for the long-term resilience of the Bank.

The financial statements for the reporting year ended 31 December 2024 are shown on pages 30 to 34.

Strategic report

Financial Performance analysis including key performance indicators (KPIs) and ratios

The financial performance for the year to 31 December 2024 is summarised in the following table (All figures are quoted in GBP ‘000s) with analysis set out above for all KPIs and ratios:

Income Statement	2024	2023	2022
Net interest income	17,955	16,418	8,239
Fees and other income	7,073	7,517	9,090
Total operating income	25,029	23,935	17,329
Administrative expenses	12,234	11,303	9,666
Profit before Tax	12,953	11,864	4,956

Balance Sheet	2024	2023	2022
Loans and advances to customers	121,491	121,214	161,651
Total assets	482,771	367,529	406,004
Total deposits	330,233	226,503	256,042
Shareholders' funds*	135,999	131,136	141,633

Key performance indicators	2024	2023	2022
Capital Adequacy Ratio	49.95%	48.87%	42.14%
Liquidity Coverage Ratio	335.52%	390.70%	426.79%
Cash & Cash equivalents / Gross Deposits	101.92%	97.49%	71.50%
Net Interest Margin	3.93%	4.82%	2.18%
Administrative expenses to income ratio	48.88%	47.22%	55.78%

** Includes Bank of Beirut Group Subordinated Term Loan*

Looking Forward

With market expectations forecasting cumulative interest rate reductions of between 0.5% for the Bank of England Base Rate and 1% for each of the USD Fed Fund Rate and EURO ECB Deposit Facility rates by the end of 2025, the Bank’s interest income will be affected but with the impact depending on the timing and depth of such interest rate reductions. On the other side of the coin, with lower USD interest rates and yields on treasuries falling, foreign currency liquidity is expected to return in emerging markets including Africa, and this should result in higher volumes of Letter of Credit transactions which should reflect an increase in fees and other income.

Looking at the Bank’s important markets, with foreign currency reserves increasing in Nigeria and with the Central Bank of Nigeria implementing reforms facilitating transparency and price discovery through the Electronics Foreign Exchange Matching System (EFEMS) introduced in December 2024 and the FX Code in January 2025, the naira exchange rate has stabilised and has been moving within a narrow range over the past 4 months, roughly between 1,500 and 1,600 per Dollar. Enjoying a rather stable currency, positive business sentiment has returned in Nigeria, and it is expected that Letters of Credit issued by Nigerian banks will increase, leading to higher volumes of transactions handled by the Bank which will in turn generate higher commission income to further mitigate and compensate the expected reduction in interest income. By following the same conservative approach of low credit risk asset leverage and high liquid cash and cash equivalent asset holdings, and despite forecasted reductions in interest rates, the Bank is expected to generate a strong profitable operating performance in 2025 but not in line with the record results achieved for 2024. This is because of the increased expenses relating to the implementation of the new core banking system and digital banking platform. The Bank will continue to service its existing customers and traditional trade finance markets with a view to maintaining its franchise, which has been successfully built over the years with its network of correspondent banks and exporters around the world. The Bank will also continue to adopt and fine tune its dynamic and rigorous approach towards credit risk management which is employed in identifying, processing and financing selective short-term and good credit quality trade finance transactions. The Bank continues to have some limited appetite for loans to customers.

Correspondent Banking and Trade Services

The Bank has long established its primary markets for the provision of treasury, trade finance and payments services to its trade finance related correspondent bank counterparties. The Bank's strategy is aligned with its parent bank to deliver and support the finance of trade between the UK and continental Europe and exports to the Middle East and African regions. Those countries and markets are continuously reviewed and monitored with a view to expansion and growth opportunities.

Services include but are not limited to confirmation and advising of letters of credit, issuance of letters of guarantees and standby LCs, acceptances, documentary collections, trade advances including discounting, forfaiting, and post finance. Transactions are generally short-term in nature for a maximum 180 days.

The Bank maintains a strong trade finance team with additional support provided by its marketing consultants and through representative offices of its parent, Bank of Beirut Sal.

Corporate and Commercial Banking

The Bank complements its key trade services products with traditional corporate and commercial lending products and services to enhance trade and investment opportunities between the UK, Europe the Middle East and Africa. Structuring of lending facilities revolves around the requirements of the borrower but with particular appetite for financing of trade related businesses and real estate backed facilities.

Retail Banking

The Bank provides a selection of retail products and services to its customers covering current accounts, call deposit accounts, fixed term deposits and the provision of payment and clearing services. The Bank also has regulatory approval to provide Regulated Mortgage Loans to its non-resident customers. The Bank's customer geographic locations are primarily from the Bank's core markets of UK, West Africa and Lebanon. It is the intention to deliver a wider range of deposit products and other services in the future.

Treasury

The Bank's treasury function focuses on managing the balance sheet together with the market and liquidity risk of the Bank. The Bank does not undertake any proprietary trading activities. In accordance with regulatory requirements the Bank complies with and maintains an appropriate mix of assets for the purposes of liquidity in order to meet its LCR requirements as stipulated by the PRA.

The Bank manages its asset and liability maturity mismatches, liquidity positions and interest rate positions on an on-going basis and in accordance with defined limits and criteria set within its internal treasury and liquidity policies. These policies are reviewed on an annual basis and monitored by the Bank's Management Committee.

Section 172 Statement

Through its Board, the Bank considers carefully the wider stakeholders' needs while making decisions. The Board seeks to meet its duty under Section 172 Companies Act 2006 in considering in good faith, what will promote the success of the Bank for the benefit of the shareholders having due regard to the factors set out in Section 172.

The Board considers the requirements of s172 by way of:

- Standing agenda items and papers presented at Board meetings on Strategy and Development, Risk and Compliance, Culture and Diversity, Operational matters, Employee and other stakeholders' matters.

- Annually the Board conducts a full review the Bank's strategy which considers the purpose and values of the Bank along with the future strategy and direction of the business. Business plans for the succeeding years are also aligned through engagement with customers and understanding of their businesses. Updates and performance analysis against the Bank's strategic plan are provided to the Board from the Executive Management periodically throughout the year and at Board meetings.

- The Board undertakes an annual evaluation and assessment of its performance. These reviews are not limited to board self-assessment but include engagement with and contributions from other employees within the business. The aim of engagement with employees is to develop and build a collaborative culture to enhance employees' engagement. Members of management are invited to present at meetings of the Board and its sub-committees from time to time.

- The Board has a commitment to sustainability and the environment with a climate change policy clearly documented and defined across the business and operations and reviewed annually (refer page 15).

- Understanding the importance of the Bank's clients and customers. The Bank has an experienced and knowledgeable client facing team that have responsibility for meeting the day-to-day requirements of servicing and management of its clients. The team led by the Managing Director & CEO seeks to ensure client satisfaction and that the highest standards of business conduct are maintained throughout the lifecycle of the Bank's engagement and operations. Updates on the Bank's engagement with its clients and other strategic business development initiatives are included within the Board papers.

- The Bank monitors its relationships with suppliers, ensuring that where appropriate due diligence and assessments are undertaken on suppliers designated as critical, including the monitoring of critical suppliers' activities and supply chain.

- The Bank's shareholder is represented on the Board via its Chairman and three other Non-Executive Directors.

- The Board of Directors strive to manage the Bank in a responsible manner, operating within the regulatory environment and promoting the highest standards of governance. The general aim is always to nurture the Bank's reputation through the provision of excellent services to customers and stakeholders.

Strategic report

Corporate Governance

The Bank places a strong emphasis on internal governance and the maintenance of high ethical standards in its working practices.

The Bank's corporate governance framework is driven by the Board which comprises two Executive Directors, four Non-Executive Directors representing the shareholder and currently five independent Non-Executive Directors (INEDs) following the appointment of two additional INEDs in May and October 2024 who will replace two INEDs who will stand down at the end of March 2025. The INEDs have considerable commercial banking and regulatory experience gained at senior level from a cross section of internationally recognised financial institutions.

The Board has the collective responsibility of promoting the long-term success of the Bank. While the Executive Directors have the direct responsibility for business operations, the Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board.

Responsibility for overseeing the risk framework of the Bank is devolved to the following Committees:

- Board Audit, Risk & Compliance Committee (ARCC)
- Management Committee (including the Asset and Liability Committee (ALCO) and Operational Resilience sub-committees)
- Board Credit Committee
- Board Remuneration and Nomination Committee

The Bank has two independent control functions.

The Risk and Compliance Department, led by the Head of Risk & Compliance who holds the UK regulatory Senior Management Functions SMF4, SMF16 and SMF17 and has a reporting line to both the Chair of the ARCC, an INED, and to the Bank's Managing Director & CEO. The Risk and Compliance Department is the principal element of the Bank's Second Line of Defence within the Bank's Three Lines of Defence model and has responsibility for the day-to-day evaluation and monitoring of the risks faced by the Bank and for submitting reports to the Bank and Board Committees.

The Internal Audit function of the Bank which covers Senior Management Function SMF5 is outsourced. The outsourcing partner has no executive role within the Bank and was engaged to undertake all internal audit services with effect from January 2019. Internal Audit reports to the ARCC via its Chair and is the principal element of the Bank's Third Line of Defence.

These control functions actively monitor developments and changes in the regulatory environment and report on such developments via standing agenda items at the Board Committee meetings where the implications are considered, and the Bank's response is approved.

Risk Governance

The Bank employs a Risk Manager reporting to the Head of Risk & Compliance who is certified by the Bank under the Senior Managers & Certification Regime (SMCR). Risk management within the Bank is a strategically important role ensuring the development and maintenance of the Bank's risk framework, its risk matrix and its risk appetite. The risk appetite defines the strategic approach of the Bank, ensuring that its business strategy falls within its overall risk appetite, and that the Bank incurs a level of risk that is individually and in aggregate acceptable to the Board.

The Bank follows the industry standard approach of "Three Lines of Defence" comprising:

- Operational controls as set out in functional and departmental procedures manuals (Line 1);
- Oversight, monitoring and periodic reporting by the Bank's control functions (Line 2); and
- Internal audit (Line 3).

The Board is responsible for ensuring the adequacy of the risk management systems of the Bank and for setting a clear statement of risk appetite and impact tolerances. It is assisted in this by a framework of committees, functions and control function managers. The Board has ultimate responsibility for setting the risk appetite of the Bank. Risk Appetite refers to the level of risk deemed acceptable to the Board in each of the principal risk categories i.e. Market Risk, Credit risk, Operational and Conduct Risk.

The roles and responsibilities of the various risk management committees are set out in the following paragraphs.

Audit, Risk & Compliance Committee	The ARCC is responsible to the Board for the quality and effectiveness of the risk, compliance and audit functions of the Bank. It ensures that the key risks to which the Bank is exposed and the adequacy and effectiveness of the controls to manage these risks are kept under review. It ensures that adequate resources are made available at all times in order to meet the Bank's regulatory and statutory obligations and that the Executive Management has established and maintains an effective system of internal controls on behalf of the Board. In relation to External Audit, ARCC reviews and agrees the proposed audit approach and receives reports, ensuring that outstanding issues arising are monitored until resolved to its satisfaction. The Committee also reviews the financial results, annual financial statements and any public disclosure documents prior to submission to the Board.
Management Committee	The Management Committee (ManCo) and its ALCO and Operational Resilience sub-Committees are responsible for the efficient and controlled operation of the business. It is authorised to take all steps necessary to conduct the business of the Bank within the confines of the Board's approved strategy, budgets and mandates. ManCo is accountable to the Board for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Bank.
Credit Committee	The Board Credit Committee (BCC) reviews all requests for lending in excess of the designated authority of ManCo and ensures compliance with relevant lending policies. It is also responsible for reviewing annually the Committee's Terms of Reference, the Bank's Credit and Large Exposure Policies and any Country limits as recommended by ManCo.

Strategic report

Remuneration & Nominations Committee	The Board Remuneration and Nominations Committee (BRNC) combines two functions. For Remuneration it sets the over-arching principles and parameters of remuneration policy, determines the annual staff bonus pool and considers and approves the remuneration arrangements of the executive directors and other senior managers. The role of the Nominations function is to support and advise the Board in ensuring it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors ensuring that composition, diversity and succession are regularly assessed.

All senior management functions ensure that effective procedures for risk assessment are maintained, to identify the risks relating to the activities, processes and systems of the Bank and to recommend such amendments and changes as may be required from time to time to ensure the framework remains fit for purpose. The role of the control functions is to:

- recommend appropriate changes to risk governance and organisational structures;
- draft and implement policies and procedures in order to maintain compliance with the regulatory framework;
- provide periodic reports on risk positions and events to the Bank and Board Committees; and
- perform on-going monitoring and on a regular basis assess the adequacy and effectiveness of the measures and procedures put in place, and the actions taken to address any deficiencies in, the Bank's compliance with its prudential obligations.

In order to assist the Bank’s management in prioritising and focusing its risk management efforts, the control functions working with line managers maintain a Risk Register covering the principal risks faced by the business, which is reviewed annually or in response to material developments in the business environment.

The Board undergoes regular training and self-assessment to ensure that an appropriate blend of skills and experience are in place to deliver the long-term success of the Bank.

AML & Compliance

The Bank supports a strong compliance culture and has an independent compliance function, which is empowered to challenge business decisions. The Bank's compliance function is responsible for ensuring that adequate policies and procedures are in place to maintain the Bank's and its employees' compliance with legal and regulatory obligations in respect of both AML and conduct of business issues. Such policies and procedures are designed to detect and minimise any risk of failure by the Bank to comply with its regulatory obligations, as well as any associated risks.

Internal Audit

The primary role of Internal Audit is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Bank. It does this by assessing whether all significant risks are identified and appropriately reported by management and the Risk function to the Board and Executive Management; assessing whether they are adequately controlled; and by challenging Executive Management to improve the effectiveness of governance, risk management and internal controls.

Internal Audit is an independent, objective assurance activity designed to add value and improve the Bank’s operations. It assists the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Bank's risk management, control, and governance processes. The role of Internal Audit at the Bank is outsourced.

As part of the Board's overall governance responsibility, ARCC is responsible for approving the Internal Audit Plan and budget. Following the Board's decision to outsource the role of Internal Audit, it remains satisfied that appropriate resources are in place.

Risk Management

The Bank has implemented a Board approved risk management framework which covers both the high-level governance matters referred to in the preceding section and the day-to-day identification and management of risks.

Given its current business activities, the Bank views its primary financial risks as being credit and operational.

Liquidity is a key risk for all banks and the Bank assesses its liquidity position daily under both business as usual and stressed business conditions. The Bank places no reliance on funds raised from market sources, is able to fund the term lending book from available capital resources and is otherwise engaged in short-term trade finance operations. Therefore, sizeable liquidity surpluses have been recorded throughout the year as measured using both Regulatory (Liquidity Coverage Ratio and Net Stable Funding Ratio) and the Bank's own internal stress testing model.

The control functions are responsible for maintaining a suite of risk management policies which give effect to the risk management framework and ensure compliance with the risk appetite set by the Board. On an annual basis the Bank undertakes a risk self-assessment programme which seeks to monitor developing risk trends and which supports the risk metrics produced through the Bank's management information systems.

The Bank's financial risks, conduct of business and other operational risks are managed through the ManCo and the BCC within authorities set down by ARCC and approved by the Board. The control functions are responsible for providing financial risk metrics to the Committees for monitoring and high-level risk management. Conduct of business and operational risk metrics are also collated to assist the Bank in delivering a high-quality customer centric outcome whilst maintaining appropriate fraud and AML controls.

The Bank has also implemented a range of portfolio level limits in order to diversify its credit and liquidity risks. Risk limits are monitored on a daily, weekly or monthly basis as appropriate to the nature of the underlying risks. The Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Assessment Process (ILAAP) and the Recovery Plan (RP) documents are prepared with Board engagement at both design and approval stages. The documents inform the annual planning and budgeting process to ensure that the Bank's strategy and business plans are achievable within its capital and liquidity resources. The ICAAP, ILAAP and RP are all subject to interim review and update in response to material changes to the business or regulatory environments.

Consumer Duty

Following approval of a Consumer Duty Action Plan in October 2022, the Board, under the guidance of its appointed INED Consumer Duty Champion, ensured that the Bank was in a position to meet regulatory expectations when these came into force in July 2023. The Bank has a relatively uncomplicated stable of regulated products and no closed products. As required, all staff became subject to the new Conduct Rule 6 -

'to always act in the best interests of retail customers' and training was provided to staff and Directors to embed strengthened procedures around treating customers carefully, including a greater focus on vulnerability. At its meeting in July 2024, the Board reviewed the Bank's inaugural Consumer Duty Board Report and confirmed it was satisfied that the firm had fulfilled its obligations with respect to Consumer Duty.

Climate Change

The Board has determined that the Bank should pay due regard to environmental and social risks to project-affected ecosystems communities and the climate. Such risks should be avoided where possible or minimised where not. The Board is committed to ensure that it can transition to a low carbon world. The commitment is articulated in a separate Climate Change Policy and Action Plan adopted initially in 2019 and updated annually since. The policy sets out an overarching appetite for climate change risk and ensures that senior management arrangements are in place to deliver on this commitment whilst upholding regulatory expectations. Climate change assessments are embedded in credit and stress testing processes, including consideration of environmental and reputational impacts. The Bank adopts regulatory supported templates for assessing and standardising narratives around climate change risks and commits to make greater disclosure, including via this section of the Strategic Report and in due course, broader disclosure in keeping with emerging regulatory expectation and industry practice. The Board considers that the Bank's response to the financial risks arising from climate change is proportionate to the nature, scale and complexity of its business.

Diversity and Culture

The Bank supports a strong and diverse workforce giving considerable attention in selecting suitable employees that reflect the diversity of the business and the communities within which the Bank conducts its business operations. In order to meet its strategic objectives, the Bank recognises the importance of ensuring its employees have access to a wide range of learning and development tools and training, whether online, through collaboration, workshops and seminars or one to one. Individual development includes wider training on all regulatory aspects including conduct. Supported by its performance management program, the Bank continues to work with employees towards a common goal to improve personal development and growth, combined with delivering excellent customer service for the Bank and ultimately helping the Bank and its shareholders to achieve overall improved performance and customer satisfaction. The Board's own succession plan recognises the benefits to be gained from equality and gender diversity.

The Strategic Report was approved by the Board of Directors.

Sophoklis Argyrou
Managing Director & CEO
22 April 2025

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2024. The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards.

Results and dividends

All profit for the year after taxation, which amounted to £9,669,994 (2023: £8,889,095) was transferred to reserves. Please refer to Note 9 for a breakdown of the tax charge in 2024. The directors recommend the payment of a dividend to the parent shareholder in 2025 equal to 50% of the profit after taxation for the year 2024. The proposed dividend payable is £4,834,997 (2023: £4,449,548).

Corporate governance arrangements

Bank of Beirut (UK) Ltd is a UK regulated entity established in the UK in 2002. Its corporate governance arrangements and framework are set out in the Strategic Report.

Future prospects and developments

The Bank's business objectives, together with factors likely to impact and affect its future development and position are set out in the Strategic Report.

Subsequent events

Please refer to Note 33 for subsequent events.

Going Concern

These Financial Statements have been prepared on a going concern basis as the directors are satisfied that the Bank has the resources to continue in business for the foreseeable future.

In reaching this assessment the Directors have considered a wide range of information relating to present and future conditions. This assessment includes a review of the Bank's operational resilience, the effect of current and future events on its business model and projections of profitability, capital resources and liquidity. In addition to the severe but plausible firm specific, market wide and combined stress testing of capital, liquidity and recoverability that the Bank is required to undertake, a series of more severe shocks were considered in response to the continuing crisis in Lebanon. After running these stresses, which went beyond any event that has historically been witnessed by the Bank, the Directors were able to demonstrate that the Bank was able to maintain operating profitability as well as sizeable capital and liquidity surpluses. The strong capital position of £136.1m (2023 - £131.1m) in total capital resources, a capital adequacy ratio of 49.95% (2023 – 48.87%) generating an increased total capital headroom of £104.9m (2023 - £77m) vs total risk exposures of £250m (2023 - £248m), combined with an LCR ratio of 336% (2023 - 391%) underpinned by 102% (2023 - 97%) cash and cash equivalent ratio to Gross Deposit liabilities, as at 31 December 2024 strongly supported the Bank's ongoing ability to absorb and deal with these stresses over the forecasted periods.

Directors have considered the continuing impact of the ongoing social and economic crisis affecting Lebanon combined with the fragile situation around the ceasefire agreements with Israel and the remaining tensions along the Lebanese border with Israel, and the southern areas of Beirut. Notwithstanding this situation, the Directors have a reasonable expectation that the Bank has adequate capital and liquid resources to continue in operational existence for the foreseeable future and for this reason the going concern basis continues to be adopted in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found within Note 3 of the significant accounting policies in the financial statements.

Directors' report

Risk management objectives and policies

Liquidity risk

The Bank manages its liquidity structure of assets, liabilities and commitments so that cash flows are appropriately balanced to ensure that all funding obligations are met when due and in accordance with the expectations of the PRA's liquidity regime. Banks are required to define a liquidity risk profile and appetite commensurate with their size and business policies. The Bank maintains adequate resources including a buffer of High Quality Liquid Assets (HQLA) to meet regulatory stress requirements (LCR and Net Stable Funding Ratio) and its own stress testing designed to ensure that even if stressed events occur for certain periods, including those which are both firm specific and market wide, it is able to meet the criteria laid down within its policy.

The general policy of the Bank is to match to maturity so as far as is practicable within the guidelines and not to take on large exposures or placements that cannot easily be matched in the market as to currency or maturity. Liquidity is monitored daily by the Treasury, Risk and Senior Management teams and at each meeting of ALCO.

Credit risk

The Bank's exposure to credit risk arises where there is a possibility of a counterparty defaulting on its obligations to the Bank. Credit risk exposure is controlled daily through close monitoring of client positions and is assessed with the aid of credit ratings. The credit department carries out day-to-day management of credit risk, while overall responsibility resides with the Bank's Board Credit Committee. The Bank takes collateral when required; this may be security over a customer's assets, or more commonly, cash**.**

Effective from 1 January 2018 the Bank has adopted the International Financial Reporting Standard IFRS9 to calculate and measure expected credit losses ("ECL"s) that are over and above regulatory capital charges calculated in accordance with the Standardised approach to credit risk in accordance with the Basel methodology.

Operational risk

Operational risk arises from inadequate or failed internal processes, systems and personnel or from events external to the Bank. The Management Committee reviews and considers all operational risks to which the Bank is exposed. Where operational risk has been identified, controls and procedures, including insurance cover, have been put in place in mitigation against such risks. Regular reports are made to the Board Audit Risk & Compliance Committee.

Interest rate risk

Interest rate risk is the exposure of the Bank to adverse movements in interest rates. Changes in interest rates can affect the Bank's earnings by changing its net interest income. This risk mainly arises from mismatches between the interest-bearing assets and liabilities on the balance sheet. Note 30 shows the interest rate sensitivity gap analysis addressing the risk for the Bank as at 31 December 2024.

Foreign exchange risk

Foreign exchange risk arises when market prices move and an open currency position has not been hedged. The Bank's policy is not to run speculative foreign exchange positions. The Bank offers foreign exchange services to all clients and selected correspondents of the Bank. There are detailed limits and controls in place to monitor and limit the exposure. The Bank's policy is to clear its currency positions at the close of business each day.

Directors' report

Directors' indemnities

The Bank has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors

The directors who served on the Board throughout the year and as at the date of this Directors' Report are as follows:

Salim G Sfeir (Chairman)
Sophoklis Argyrou
Martin Osborne
Fawaz H Naboulsi
Marcus John S Trench (retired 31 March 2025)
Anthony J Bush (retired 31 March 2025)
Ramzi Saliba
Antoun Samia
Mounir Lyan
Jane Lloyd (appointed 1 May 2024)
Kevin Flannery (appointed 1 October 2024)

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Bank's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any 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.

In line with the Financial Reporting Council's rotation requirements for audits of public interest entities, the Board approved the appointment of the auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP to act as the Bank's auditors effective for the year 2024, replacing Deloitte LLP and a resolution to this effect was signed at the Extraordinary Board Meeting on 16 April 2024.

Approved by the Board of Directors and signed on behalf of the Board.

Sophoklis Argyrou
Managing Director & CEO

22 April 2025

Bank of Beirut (UK) Ltd

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). 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 of 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 apply them consistently;
- state whether United Kingdom adopted international accounting standards and IFRSs as issued by the IASB have been followed subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate 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.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Bank of Beirut (UK) Ltd

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Bank of Beirut (UK) Ltd. For the purposes of the table on pages 22 to 25 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Bank" is defined as Bank of Beirut (UK) Ltd. The relevant legislation governing the Bank is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Bank of Beirut (UK) Ltd for the year ended 31 December 2024. The financial statements that we have audited comprise:

- the Income Statement
- the Balance Sheet
- the Statement of Changes in Equity
- the Cash Flow Statement, and
- Notes 1 to 33 to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the Bank's financial statements is applicable law and UK-adopted International Accounting Standards and IFRSs, as issued by the IASB.

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2024 and of the Bank's 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.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the Bank in addition to complying with its legal obligation to apply UK-adopted International Accounting Standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Our opinion is consistent with our reporting to the Audit Risk & Compliance Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor’s Report

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 Bank’s ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Bank’s operations and specifically its business model.
- The evaluation of how those risks might impact on the Bank’s available financial resources.
- Capital and liquidity considerations including examination of the Bank’s cash flow and liquidity projections.
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.

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 Bank’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.

Overview of our audit approach

Scope	As this was our first year as auditors of the Bank, our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2024**	**2023**	
Bank	£1,170k	£1,149k	1% (2023: 1%) of the net assets
Key audit matters			
Recurring	• Valuation of the expected credit loss allowance.		

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters 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.

Valuation of the expected credit loss allowance

Key audit matter description

At 31 December 2024 the Bank had the following portfolio of assets carried at amortised cost:

Type of financial asset	2024		2023	
	Gross exposure (£)	Loan loss provision (£)	Gross exposure (£)	Loan loss provision (£)
Loans and advances to customers	131,499,735	10,009,005	131,310,898	10,096,676
Placement with banks	139,666,479	408	84,957,704	335
Financial assets at amortised cost	57,046,487	479	38,551,632	815
Customers' acceptances	1,797,248	14,746	4,497,504	5,379
Cash and balances at banks	139,857,860	1,113	97,313,931	1,030
Off balance sheet	86,000,694	84,687	84,380,115	110,946

The Bank's lending portfolio consists of trade finance exposures and term loans. The term loans are extended mainly to corporates and high net worth individuals. The accounting treatment of the portfolio and its related impairment is governed by IFRS 9 Financial Instruments.

The calculation of the IFRS 9 ECL involves complex, judgemental and highly sensitive assumptions that involve significant management estimation and judgement.

The following areas have greater level of management judgement and estimations involved and therefore assessed as significant risk areas in the estimation of ECL.

- Staging – timely allocation of assets into Stages 1, 2, or 3 under IFRS 9, for assessing Significant Increase in Credit Risk (SICR), requires the application of judgement.

- Model estimations – accounting interpretations, modelling assumptions, and underlying data used in the construction and execution of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) models introduce significant complexities.

- Economic scenarios – methodology for estimating impacts across multiple economic scenarios, including the inputs, assumptions, weightings applied, and any necessary scenario adjustments.

- Adjustments – to compensate for known model limitations related to data quality, trend recognition, or unmodeled risks, management adjusts the model-generated ECL figures. These adjustments, both in their design and scale, inherently require the application of management judgement.

- SICR - the development and application of appropriate criteria to identify a significant increase in credit risk are a key judgement. The Bank's ECL calculation

	is sensitive to this as the existence of a SICR determines whether a 12 month or a lifetime basis is used to determine the provision.
How the scope of our audit responded to the key audit matter	Controls testing – We evaluated the design and implementation and operating effectiveness of key controls over the ECL process, including those over management's judgements and estimates noted. These processes and controls, among others, covered: • Determination of credit risk ratings and the PDs for internally rated loan exposures. • Extraction of relevant data from the Bank's underlying systems and its inclusion in the appropriate elements of the ECL modelling. • Allocation of assets into stages including management's monitoring of stage effectiveness. • Appropriateness of the Post Model Adjustments (PMAs) applied to the model-driven ECL results, and the judgements applied to such PMAs; and • Generation of the multiple economic scenarios including governance processes and the application of weightings to the different scenarios. Overall assessment of the ECL methodology - We evaluated the Bank's ECL methodology and modelling of different components of ECL including PD and LGD and assessed the appropriateness of the components and the compliance with the requirements of IFRS 9. We engaged our external credit modelling experts to assess the performance of the ECL models and the appropriateness of management's key judgements and assumptions in the context of the current economic environment and our wider industry experience and performed the following procedures: • evaluated the significant increase in credit risk criteria used by the Bank and tested the appropriateness of the allocation of financial assets to stages 1,2 or 3 in accordance with IFRS 9 • critically assessed the conceptual soundness of the ECL methodology applied by the management for internally rated exposures to evaluated whether the methodology is compliant with IFRS 9. Additionally, we also assessed the management's PDs used for internally rated loans against externally available default data • reviewed and challenged key assumptions used in the ECL models in relation to PD, LGD and macroeconomic scenarios and weightings • evaluated the completeness of the PMAs in relation to model performance and prevailing macroeconomic conditions • engaged with internal credit modelling specialists to review and challenge the work performed by the external credit modelling experts In addition to the specific audit procedures on the significant risk within the valuation of expected credit loss allowance, we have performed the following procedures: • Obtained an understanding of the different types of portfolios and nature of exposures along with the business models for significant exposures. • Identified the key data elements and assumptions within the ECL models and assessed the appropriateness of the assumptions and tested the completeness and accuracy of the key data elements relevant to the ECL models. • Reviewed the data flows used to populate the disclosures and assessed the adequacy of disclosures for compliance with the accounting standards.

	• Reconciled the ECL model output to the general ledger and to the financial statements. • We have performed credit reviews over a sample of loans to assess if the loans are allocated to the correct stage.
Key observations	We found the approach taken in respect of ECL to be consistent with the requirements of IFRS 9 and we have concluded that the assumptions and judgements made by the management in the application of ECL were reasonable and supportable.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. 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. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Overall Materiality	£1,170k (2023: £1,149k)
• Basis of determining overall materiality	We determined materiality based on 1% (2023: 1%) of the net assets value. We have considered the primary users of the financial statements to be shareholders, customers of the Bank, the ultimate parent Bank, and the UK regulators (FCA and PRA). We have considered that Net Assets is the most appropriate benchmark on which to base our assessment of materiality as it is the most relevant financial indicator used by the stakeholders to assess the performance of the Bank and its compliance with appropriate regulatory requirements.
Performance materiality	£702k (2023: £746k)
• Basis of determining overall performance materiality	We set performance materiality based on 60% (2023: 65%) of overall materiality. Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding £58k (2023: £57k) to the Audit Risk & Compliance Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Independent Auditor’s Report

The control environment

We evaluated the design and implementation of those internal controls of the Bank which are relevant to our audit, such as those relating to the financial reporting cycle, lending and customer deposit transactions. We also tested operating effectiveness and placed reliance on certain controls.

We engaged our internal IT audit specialists to obtain an understanding of the general IT environment and found the IT controls to be operating effectively.

Climate-related risks

In planning our audit and gaining an understanding of the Bank, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management’s climate-related risk assessment, along with relevant documentation and reports relating to management’s assessment and held discussions with management to understand their process for identifying and assessing those risks.

We have agreed with management’s assessment that climate-related risks are not material to these financial statements.

Reporting on 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.

Strategic report and directors report

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 the Bank 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 by 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, 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 Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor’s report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Bank’s own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Bank focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, the Financial Services and Markets Act 2000; UK tax legislation or those that had a fundamental effect on the operations of the Bank including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired with the directors and management concerning the Bank’s policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;

  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit loss.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Bank's Board of Directors meetings, Audit Risk & Compliance Committee meetings, and Board Credit Committee meetings, inspection of the complaints register, inspection of legal and regulatory correspondence from the PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report; and
  - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

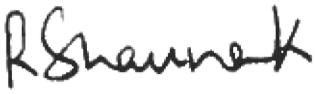
We were appointed by the Board of directors on 14 December 2023 for the audit of statutory financial statements of the Bank for the year ended 31 December 2024 and subsequent years. This is our first year as independent auditors of the Bank.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Bank, and we remain independent of the Bank in conducting our audit.

Independent Auditor’s Report

Use of our report

This report is made solely to the Bank’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 Bank’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 Bank and the Bank’s members as a body, for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom

25 April 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542)

Bank of Beirut (UK) Ltd
Company Registration No. 0440677

Income Statement
Year ended 31 December 2024

	Notes	2024 £	2023 £
Continuing operations			
Interest income	5	**23,830,039**	**20,688,305**
Interest expense	6	**(5,874,666)**	**(4,269,951)**
Net interest income		**17,955,373**	**16,418,354**
Net fees and commission income		**6,185,633**	**6,475,735**
Foreign exchange income	8	**887,629**	**1,041,391**
Total non-interest income		**7,073,262**	**7,517,126**
Total income		**25,028,635**	**23,935,480**
Administrative expenses	7	**(12,233,629)**	**(11,302,824)**
Finance cost	17	**(82,710)**	**(32,246)**
Net impairment losses	30	**241,166**	**(736,213)**
Profit before taxation	8	**12,953,462**	**11,864,197**
Taxation	9	**(3,283,468)**	**(2,838,196)**
Profit for the year from continuing operations		**9,669,994**	**9,026,001**
Discontinued operations		**-**	**(126,906)**
Profit for the year		**9,669,994**	**8,899,095**

Statement of other comprehensive income
Year ended 31 December 2024

	Notes	2024 £	2023 £
Profit for the year		**9,669,994**	**8,899,095**
Total comprehensive income for the year		**9,669,994**	**8,899,095**

Bank of Beirut (UK) Ltd
Company Registration No. 04406777

Balance Sheet
Year ended 31 December 2024

	Notes	2024 £	2023 £
Assets			
Cash and balances at banks		**139,856,747**	**97,312,901**
Placements with banks	10	**139,666,071**	**84,957,369**
Loans and advances to customers	11	**121,490,730**	**121,214,222**
Customers' acceptances	12	**1,782,502**	**4,492,125**
Financial assets at amortised cost	13	**57,046,007**	**38,550,817**
Derivative assets		**-**	**47,396**
Prepayments and accrued income		**1,554,403**	**1,057,213**
Current tax assets		**406,294**	**-**
Land and Buildings	15	**18,449,381**	**18,582,982**
Right-of-use lease assets	15	**419,490**	**531,105**
Property and equipment	15	**777,656**	**699,430**
Intangible assets	16	**1,322,094**	**83,084**
Total assets		**482,771,375**	**367,528,644**
Liabilities			
Deposits by banks	18	**162,269,268**	**89,115,933**
Customer accounts	19	**167,963,433**	**137,387,442**
Acceptances payable	12	**1,797,248**	**4,497,504**
Derivative liabilities		**144,592**	**-**
Accruals and deferred income		**662,582**	**832,722**
Lease liabilities	17	**479,368**	**588,223**
Other liabilities	20	**12,279,668**	**1,885,618**
Current tax liability		**55,753**	**1,386,273**
Deferred tax liability	21	**1,120,847**	**698,679**
Subordinated loan	22	**15,784,241**	**16,140,915**
Total liabilities		**362,557,000**	**252,533,309**
Equity			
Called up share capital	23	**34,150,000**	**34,150,000**
Retained earnings	24	**86,064,375**	**80,845,335**
Total equity		**120,214,375**	**114,995,335**
Total liabilities and equity		**482,771,375**	**367,528,644**

These financial statements were approved by the board of directors and authorised for issue. They were signed on its behalf by:

S Argyrou
Managing Director & CEO
22 April 2025

Statement of changes in equity
Year ended 31 December 2024

	Called up share capital £	Retained earnings £	Total £
As at 1 January 2023	**34,150,000**	**73,934,182**	**108,084,182**
Dividend paid		**(1,987,942)**	**(1,987,942)**
Profit for the year	**-**	**8,899,095**	**8,899,095**
As at 31 December 2023	**34,150,000**	**80,845,335**	**114,995,335**

	Called up share capital £	Retained earnings £	Total £
As at 1 January 2024	**34,150,000**	**80,845,335**	**114,995,335**
Other adjustment	**-**	**(1,406)**	**(1,406)**
Dividend paid	**-**	**(4,449,548)**	**(4,449,548)**
Profit for the year	**-**	**9,669,994**	**9,669,994**
As at 31 December 2024	**34,150,000**	**86,064,375**	**120,214,375**

Refer to Note 29 - Dividends also related to these financial statements

Bank of Beirut (UK) Ltd
Company Registration No. 04406777

Cash Flow Statement
Year ended 31 December 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Profit for the year		**9,669,994**	**8,899,095**
Adjustments for:			
Taxation	9	**3,283,467**	**2,838,196**
Treasury Bills discount and interest	13	**(276,645)**	**593,678**
Depreciation and amortisation	15 & 16	**833,974**	**749,666**
Net impairment losses	30	**(241,166)**	**736,213**
Finance cost on lease liabilities	17	**82,710**	**32,246**
Operating cash flows before movements in working capital		**13,352,334**	**13,849,094**
(Decrease)/Increase in prepayments and accrued income		**(497,190)**	**103,952**
(Increase)/Decrease in accruals and deferred income		**(170,140)**	**303,213**
Net (Decrease)/Increase in loans and advances to banks and customers		**(54,985,210)**	**39,905,397**
Increase/(Decrease) in deposits by banks and customer accounts		**103,729,326**	**(29,538,396)**
Increase/(Decrease) in other liabilities		**10,394,051**	**(68,608)**
Net Increase/(Decrease) in derivatives financial instruments		**191,987**	**(64,657)**
Cash generated from operations		**72,015,158**	**24,489,995**
Corporation tax paid		**(4,709,600)**	**(1,827,751)**
Net cash generated from operating activities		**67,305,558**	**22,662,244**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	15 & 16	**(1,905,993)**	**(354,976)**
Proceeds on maturity of treasury bills and other eligible bills		**107,809,066**	**43,930,037**
Purchase of treasury bills and other eligible bills		**(125,744,498)**	**(49,034,081)**
Net cash used in investing activities		**(19,841,425)**	**(5,459,020)**
Cash flows from financing activities			
Lease payments under Finance Lease		**(136,061)**	**(147,792)**
Subordinated loan redemption		**-**	**(17,407,859)**
Dividend paid		**(4,449,548)**	**(1,987,942)**
Net cash used in financing activities		**(4,585,609)**	**(19,543,593)**
Increase/(Decrease) in cash and cash equivalents		**42,878,524**	**(2,340,369)**
Cash and cash equivalents at the beginning of the year		**97,312,901**	**97,866,118**
Effect of exchange rate changes on cash and cash equivalents		**(334,678)**	**1,787,152**
Cash and cash equivalents at the end of the year		**139,856,747**	**97,312,901**
Cash and cash equivalents comprised of:			
Cash and balances at banks		**139,856,747**	**97,312,901**

Notes to the financial statements
Year ended 31 December 2024

1. General information

Bank of Beirut (UK) Ltd ("the Bank") is a private company, limited by shares and incorporated in the England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Bank's operations and its principal activities are set out in the Strategic Report on pages 5 to 16 and the Directors' Report on pages 17 to 19.

These financial statements are presented in pounds sterling being the currency of the primary economic environment in which the Bank operates. All of the Bank's undertakings and financial results are carried out within the UK.

2. Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis as modified by financial instruments recognised using either fair value through profit or loss, fair value through other comprehensive income or amortised cost. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

New and amended standards effective for the current year

The following changes to the standards were applicable for 31 December 2024 year end but have no material impact on the Bank's financial position.

IAS 1 - Presentation of Financial Statements
IAS 7 - Statement of Cashflows
IFRS 7 - Financial Instruments: Disclosures
IFRS 16 - Leases

Future accounting developments

Effective 1 January 2025, there are further changes to the following standards but again with no material impact expected on the Bank's financial position in future periods;

IAS 21 - The Effect of Changes in Foreign Exchange Rates
IFRS 7 - Financial Instruments: Disclosures
IFRS –18 Presentation and Disclosure in Financial Statements

IFRS 19 Subsidiaries without Public Accountability Disclosures

3. Material accounting policies

The material accounting policies adopted are set out below.

Going concern basis

These Financial Statements have been prepared on a going concern basis as the directors are satisfied that the Bank has the resources to continue in business for the foreseeable future.

The Bank's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Bank's financial results, its cash flows and liquidity requirements are set out in the Strategic Report on pages 5 to 16 and the Directors' report on pages 16 to 18 and elsewhere within the financial statements. In addition, notes 30 and 31 to the financial statements include the Bank's objectives, policies and processes for managing its capital, its financial risk, management objectives, details of its financial instruments, any hedging activities and its exposures to liquidity risk and credit risk. The Bank has a proven and conservative business model and its performance has been resilient over the years as it has enjoyed a sound funding and liquidity position and adequate capital resources. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In reaching this assessment the Directors have considered a wide range of information relating to present and future conditions. This assessment includes a review of the Banks' operational resilience, current and future effects on its business model and projections of profitability, capital resources and liquidity. In addition to the severe but plausible firm specific, market-wide and combined stress testing of capital, liquidity and recoverability that the Bank is required to undertake, a series of more severe shocks to the liability outflows were considered in response to the ongoing crisis in Lebanon. After running these stresses, which went beyond any event that has historically been witnessed by the Bank, the Directors were able to demonstrate that the Bank was still able to maintain operating profitability as well as sizeable capital and liquidity surpluses, recording a strong capital position of £136m (2023 - £131.1m) in total capital resources.

Revenue recognition

Net interest income

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments using the effective interest method, except for those classified at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument.

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for expected credit losses) or to the amortised cost of the financial liability including items that are an integral part of the overall return. Interest income from non-credit impaired financial assets is recognised by applying the effective interest rate to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate continues to be applied to the gross carrying amount of the asset but interest is not taken to income. In cases where the asset is impaired but covered by other credit risk mitigations, then interest continues to be applied to income.

Fee and commission income and expense

Fees and commissions receivable which are not an integral part of the effective interest rate are recognised as income as the Bank fulfils its performance obligations. The Bank's principal performance obligations arising from contracts with customers are in respect of current and loan accounts. These fees are received, and the Bank provides the service, monthly; the fees are recognised in income on this basis. The Bank also receives certain fees in respect of its trade finance business where the performance obligations are typically fulfilled towards the end of the customer contract; these fees are recognised in income on this basis. Where it is unlikely that the loan commitments will be drawn, loan commitment fees are recognised in fee and commission income over the life of the facility, rather than as an adjustment to the effective interest rate for loans expected to be drawn.

3. Material accounting policies (continued)

Incremental costs incurred to generate fee and commission income are charged to fees and commissions expense as they are incurred. In cases, when the Bank has performed its obligations, but the counterparty to the transaction has not paid the commission or fees due, then the Bank will recognise a contract asset for the amount at the cut-off date and corresponding revenue recognised in the income statement.

Leasing

Assets of value of less than US$5,000 (£3,986) (low value assets) and leases of terms less than one year are excluded from the consideration of Finance Lease under IFRS 16. All other lease assets are recognised as Finance Leases and corresponding right-of-use lease assets and lease liabilities recognised in the Statement of Financial Position. Lease liability is measured initially at the present value of future lease payments and the right-of-use lease assets as lease liability plus initial direct costs. The implicit rate of return approximates to the incremental borrowing rate for the Bank. In the absence of any specific implicit rate of interest for the lease, the incremental borrowing cost of the Bank is considered as the prevailing Bank of England base lending rate. The right-of-use lease asset is amortised over the lease period and the lease liability at amortised cost after recognising the finance cost of the lease liability.

Financial assets

On initial recognition, financial assets are classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, depending on the Bank's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest.

The Bank assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales.

The Bank reclassifies financial assets only when its business model for managing those assets changes. A reclassification will only take place when the change is significant to the Bank's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare.

The Bank initially recognises loans and advances, deposits, debt securities in issue and subordinated liabilities when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired.

Financial instruments measured at amortised cost - Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost are predominantly loans and advances to customers and banks together with certain debt securities. Loans and advances are initially recognised when cash is advanced to the borrower at fair value inclusive of transaction costs. Interest income is accounted for using the effective interest method.

Financial assets measured at fair value through other comprehensive income - Financial assets that are held to collect contractual cash flows and for subsequent sale, where the assets' cash flows represent solely payments of principal and interest, are recognised in the balance sheet at their fair value, inclusive of transaction costs. Interest calculated using the effective interest method and foreign exchange gains and losses on assets denominated in foreign currencies are recognised in the income statement. All other gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the financial asset is either sold or matures, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement other than in respect of equity shares, for which the cumulative revaluation amount is transferred directly to retained profits. The Bank recognises a charge for expected credit losses in the income statement. As the asset is measured at fair value, the charge does not adjust the carrying value of the asset; it is reflected in other comprehensive income. As at year end 31 December 2024 there were no instruments held under this category.

Financial assets measured at fair value through profit and loss - The Bank undertakes forward FX swap contracts from time to time which are designated at fair value through profit and loss. As at year end 31 December 2024 the Bank held £144,591 (2023 £47,396 derivative assets) worth of derivative liabilities.

3. Material accounting policies (continued)

Borrowings - Borrowings which include deposits from banks, customer deposits and subordinated liabilities are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest method.

Impairment of financial assets

The impairment charge in the income statement accounts for the change in expected credit losses. Expected credit losses are recognised for loans and advances to customers and banks, other financial assets held at amortised cost, financial assets measured at fair value through other comprehensive income, and certain loan commitments and financial guarantee contracts.

Expected credit losses are calculated as an unbiased and probability weighted estimate using an appropriate probability of default, adjusted to consider a range of possible future economic scenarios, and applying this to the estimated exposure of the Bank at the point of default after considering the value of any collateral held, repayments, or other mitigation of loss and including the impact of discounting using the effective interest rate.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is made for expected credit losses resulting from default events that are possible within the next 12 months (12 - month expected credit losses). In the event of a significant increase in credit risk since origination, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses).

Financial assets where 12 month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3. Stage 3 assets are subject to individual rather than collective assessment.

Such cases are subject to a risk-based impairment sanctioning process, and these are reviewed and updated at least quarterly, or more frequently if there is a significant change in the credit profile.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. In determining whether there has been a significant increase in credit risk, the Bank uses quantitative tests based on relative and absolute probability of default (PD) movements linked to internal credit ratings together with qualitative indicators such as watch lists and other indicators of historical delinquency, credit weakness or financial difficulty.

Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1. Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount(s) due.

IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Bank has rebutted this presumption. As a general rule, where the Bank is in a Trade Finance relationship and one or a small number of individual items which form part of a larger portfolio are past due, specifically where these relate to claims or charges, but the remaining exposures are performing, the Bank will determine on a case by case basis that there has not been objective evidence of credit impairment. In certain circumstances, the Bank will renegotiate the original terms of a customer's loan, either as part of an ongoing customer relationship or in response to adverse changes in the circumstances of the borrower. In the latter circumstances, the loan will remain classified as either Stage 2 or Stage 3, as appropriate, until the credit risk has improved such that it no longer represents a significant increase since origination (for a return to Stage 1), or the loan is no longer credit impaired (for a return to Stage 2). Renegotiation may also lead to the loan and associated allowance being derecognised and a new loan being recognised initially at fair value. All changes in lifetime expected credit losses subsequent to the assets' initial recognition are recognised as an impairment charge. A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic

3. Material accounting policies (continued)

prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement. For both secured and unsecured retail balances, the write-off takes place only once an extensive set of collections processes has been completed, or the status of the account reaches a point where policy dictates that continuing attempts to recover are no longer appropriate. For commercial lending, a write-off occurs if the loan facility with the customer is restructured, the asset is under administration and the only monies that can be received are the amounts estimated by the administrator, the underlying assets are disposed and a decision is made that no further settlement monies will be received, or external evidence (for example, third party valuations) is available that there has been an irreversible decline in expected cash flows.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial liabilities are held at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Derivative financial instruments and hedge accounting

The Bank’s activities can expose it to the financial risks of changes in currency exchange rates. From time to time, the Bank may use foreign exchange forward contracts to economically hedge these exposures as and when they arise. The Bank does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Bank’s policies approved by the board of directors, which provide written principles on the use of financial derivatives.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into, and subsequently measured, at fair value. Derivatives are carried on the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of all derivative instruments are recognised immediately in the income statement.

The Bank does not apply hedge accounting to its derivative financial instruments. As permitted by IFRS 9, the Bank applies the requirements of IAS 39 to its hedging relationships as and when they arise.

Cash and balances at banks

Cash and cash equivalents comprise cash on hand and at banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Short-term placements, although with original maturities of less than three months, are not considered cash and cash equivalents as they are subject to operational or contractual restrictions.

Property and equipment

Property and equipment are stated in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses. With the exception of freehold Land, depreciation is charged on all property and equipment, at rates calculated to write off the cost, less estimated residual value, of each property and equipment evenly over its expected useful life using the straight-line method on the following bases:

Leasehold improvements	over the lease term
Land and Buildings	2% to 5% for the building only
Fixtures, fittings and equipment	10% to 33.33%

3. Material accounting policies (continued)

The gain or loss arising on the disposal or retirement of a property and equipment is determined as the difference between the sales proceeds and the carrying amount of the property and equipment and is recognised in income.

At each balance sheet date, the Bank reviews the carrying amounts of property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the property and equipment is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Expenditure due to the implementation project of the Bank's new core banking and digital banking solutions will be amortised on a straight line 7-year basis in line with the term of the licence.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Income tax expense represents the sum of the current tax charge and the deferred tax charge.

The current tax charge is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in

3. Material accounting policies (continued)

other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Pension Schemes

The Bank contributes to a defined contribution scheme which is open to all members of staff over the age of 18. Contributions are charged to the income statement when they become payable in accordance with the scheme.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. All differences arising are taken to the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly to equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly to equity.

Offsetting of assets and liabilities

All assets and liabilities have been reported gross unless there is a legally enforceable right to offset and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Bank's accounting policies, which are described in note 3, management is required to make judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts included in the income statement during the period. The judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below, along with the related estimates.

Critical accounting judgements

Allowance for impairment losses on loans and advances to customers.

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

At 31 December 2024 the Bank's impairment losses on loans and advances to customers and banks (see Note 11) was £10 million (2023 - £10.1 million). The calculation of the Bank's expected credit loss (ECL) allowances and provisions against loan commitments and guarantees under IFRS 9 requires the Bank to make a number of judgements, assumptions and estimates. The most significant of these are set out below.

Definition of default and credit impaired assets

Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due. The definition of default adopted by the Bank is described within Note 3 above under the caption 'Impairment of financial assets'. Determination of default is considered to be a key judgement in the Bank's assessment of its credit exposures.

Significant increase in credit risk

Performing assets are classified as either Stage 1 or Stage 2. An ECL allowance equivalent to 12 months expected losses is established against assets in Stage 1; assets classified as Stage 2 carry an ECL allowance equivalent to lifetime expected losses. Assets are transferred from Stage 1 to Stage 2 when there has been a significant increase in credit risk (SICR) since initial recognition. The Bank uses a quantitative test together with qualitative indicators to determine whether there has been a SICR for an asset. The setting of precise trigger points combined with risk indicators requires judgement.

The use of different trigger points may have a material impact upon the size of the ECL allowance. The Bank monitors the effectiveness of SICR criteria on an ongoing basis. The Bank uses forward looking information such as changes in outstanding balances, macro-economic overlays, together with migration and seasoning factors in order to determine and build scenario based ECL estimates.

Key sources of estimation uncertainty

Probability of default

The probability of default (PD) of an exposure, both over a 12 month period and over its lifetime, is a key input to the measurement of the ECL allowance. Determination of the PD is based on a consistent model applied against the key sectors to which the Bank has exposure using external rating models with adjustments made to account for the shorter dated maturities.

Loss given default

In order to derive Loss Given Default (LGD) percentages, four business segments have been defined, namely Sovereign, Corporate, Bank and Trade Finance. Given low absolute client numbers and in the absence of sufficient historic loss data, the calculations use a variety of international benchmark data including those defined by the Basel Committee, the International Chamber of Commerce and other relevant studies. The Bank only recognises cash and property (subject to haircuts) as acceptable forms of security to arrive at final LGD estimates.

ECL sensitivity analysis is given in Notes 30.1 together with an analysis of the carrying amount of assets and liabilities affected by the aforementioned judgements and estimates.

Climate related risks

The impact of climate related risks on the financial statements have been assessed and it is considered that there is no significant impact.

Notes to the financial statements
Year ended 31 December 2024

5. Interest income

Interest income comprises interest from:

	2024 £	2023 £
Loans and advances to banks	**17,049,329**	**15,896,043**
Loans and advances to customers	**4,447,187**	**3,454,616**
Financial assets at amortised cost	**2,333,523**	**1,337,646**
	23,830,039	**20,688,305**

The amount of interest income attributable to Group companies is £1,465 (2023 - £0).

6. Interest expense

Interest expense comprises interest incurred on:

	2024 £	2023 £
Deposit by banks	**748,366**	**99,348**
Customers' accounts	**3,983,741**	**2,893,401**
Deposits by Group companies	**1,142,559**	**1,277,202**
	5,874,666	**4,269,951**

7. Administrative expenses

Staff costs during the year (including directors)	2024 £	2023 £
Wages and salaries	**5,301,775**	**5,075,507**
Social security costs	**594,837**	**576,306**
Other staff costs	**354,611**	**355,962**
Pension costs	**480,601**	**403,345**
Total staff costs	**6,731,824**	**6,411,120**
Occupancy costs	**736,146**	**746,551**
Administrative costs	**3,931,685**	**3,395,487**
Depreciation and amortisation	**833,974**	**749,666**
Total administrative expenses	**12,233,629**	**11,302,824**

The average monthly number of employees during the current and prior year was as follows:	2024 No.	2023 No.
Commercial and retail banking activities	**70**	**67**

7. Administrative expenses (continued)

Directors' emoluments

Directors' remuneration during the year consists of:

	2024 £	2023 £
Salaries and other emoluments	**1,317,437**	**1,077,683**
Pension costs	**30,047**	**29,275**
	1,347,484	**1,106,958**

The emoluments of the highest paid director for the year ended 31 December 2024 were £746,041 (2023 - £617,183). The highest paid director is a member of the Bank's pension scheme. There were two directors (2023 – two directors) who were part of the Bank's pension scheme.

8. Profit before taxation

The profit is stated after (crediting) /charging:

	2024 £	2023 £
Foreign exchange income	**887,629**	**1,041,391**
Auditor's remuneration:		
Audit of the financial statements	**305,000**	**229,800**
Depreciation and amortisation (includes right of use asset depreciation)	**833,974**	**749,666**

9. Taxation

The charge for the year can be reconciled to the profit per the income statement as follows:

Analysis of tax charge for the year

	2024 £	2023 £
Current year	**2,862,706**	**2,796,773**
Other adjustment	**(1,406)**	**-**
Total Current tax charge	**2,861,300**	**2,796,773**
Deferred tax charge	**422,168**	**41,423**
Total tax expense	**3,283,468**	**2,838,196**

The charge for tax is based upon a UK corporation tax rate of 25% from 1 January 2024 to 31 December 2024.

9. Taxation (continued)

Factors affecting the tax charge for the year:

	2024	2023
	£	£
Profit before taxation	**12,953,462**	**11,864,197**
Tax charge at UK Corporation tax rate of 25% (23.521% 2023)	**3,238,366**	**2,790,524**
Effects of:		
Fixed asset differences	**41,214**	**42,759**
Expenses not deductible for tax purposes	**5,031**	**2,462**
Adjustment to tax in respect of previous period-deferred tax	**263**	**-**
Adjustment to prior periods	**(1,406)**	**-**
Remeasurement of deferred tax for changes in tax rates	**-**	**2,451**
Tax expense for the year	**3,283,468**	**2,838,196**

10. Placement with banks

	2024	2023
	£	£
Maturing in three months or less	**139,396,211**	**83,362,966**
Maturing in six months but over three months	**269,860**	**1,594,403**

Amounts in respect of Group companies included in placements with banks is nil (2023 – nil).

ECLs are included in these balances as per IFRS9. The ECL amount as at 31 December 2024 was £ 408 for placements (2023 - £335).

11. Loans and advances to customers

	2024	2023
	£	£
Repayable:		
On demand or at short notice	**15,047,837**	**15,304,074**
Remaining maturity:		
Three months or less excluding on demand	**55,203,797**	**82,071,951**
One year or less but over three months	**40,325,758**	**24,171,432**
Three years or less but over one year	**20,922,343**	**9,763,441**
	131,499,735	**131,310,898**
Impairment loss allowance	**(10,009,005)**	**(10,096,676)**
	121,490,730	**121,214,222**

12. Customers' acceptances and acceptances payable

Customers' acceptances and acceptances payable relate to letters of credit where all required documentation has been received and certified by the Bank which make up a total of £1,782,502 (2023 - £4,492,125) and includes an ECL amount of £14,746 (2023 - £5,379). Upon completion of the required documentation, the Bank is obliged to make payment to the counterparty of the customer and the same amount is recoverable from the customer. The customers' acceptances are due from the customers while acceptances payable is due to the counterparty of the customer. Upon acceptance of presented documents, the Bank reserves the right, subject to its customer's request, whether to discount such commitments. For clarification discounted acceptances are excluded from the total of Contingent liabilities referred to under Note 26.

13. Financial assets at amortised cost

US Treasury Bonds	2024 £	2023 £
Balance as at 1 January	**33,422,710**	**30,492,458**
Acquisitions	**120,765,245**	**41,224,971**
Maturities	**(102,829,813)**	**(36,120,927)**
Unpaid interest and discount due	**218,432**	**(533,437)**
Impairment loss	**155**	**(183)**
Exchange differences on monetary assets	**506,213**	**(1,640,172)**
Balance as at 31 December	**52,082,942**	**33,422,710**

EU Treasury Bonds	2024 £	2023 £
Balance as at 1 January	**5,128,107**	**5,291,566**
Acquisitions	**4,979,253**	**7,809,111**
Maturities	**(4,979,253)**	**(7,809,111)**
Unpaid interest and discount due	**58,213**	**(60,241)**
Impairment loss	**179**	**95**
Exchange differences on monetary assets	**(223,433)**	**(103,313)**
Balance as at 31 December	**4,963,066**	**5,128,107**

The Bank's holding of US and EU treasury bills are classified as Financial assets at amortised cost. All assets are purchased as part of the Bank's High Quality Liquid Asset Buffer (HQLA) and are kept to maturity. The movements during the year are summarised in the table above.

They are categorised as Stage 1 with an ECL for the year 2024 of £336 (2023 - £815).

Notes to the financial statements
Year ended 31 December 2024

15. Property and equipment

	Leasehold Right of Use £	Leasehold improvements £	Fixtures, fittings and equipment £	Land and Buildings £	Total £
Cost					
At 1 January 2023	1,032,383	39,488	2,616,301	19,434,629	23,122,801
Additions	45,737	55,278	76,032	93,426	270,473
Disposals	(81,340)	-	-	-	(81,340)
At 31 December 2023	996,780	94,766	2,692,333	19,528,055	23,311,934
Additions	-	-	454,414	27,882	482,296
Disposal	-	-	(949)	-	(949)
At 31 December 2024	996,780	94,766	3,145,798	19,555,937	23,793,281
Depreciation					
At 1 January 2023	424,184	39,480	1,761,102	785,925	3,010,691
Charge for the year	122,831	6,584	280,503	159,148	569,066
Disposals	(81,341)	-	-	-	(81,341)
At 31 December 2023	465,674	46,064	2,041,605	945,073	3,498,416
Charge for the year	111,616	9,739	366,449	161,483	649,287
Disposal	-	-	(949)	-	(949)
At 31 December 2024	577,290	55,803	2,407,105	1,106,556	4,146,754
Net Book Value					
At 31 December 2024	419,490	38,963	738,693	18,449,381	19,646,527
At 31 December 2023	531,105	48,702	650,728	18,582,982	19,813,517

Property and equipment depreciation is applied on a straight basis. This depreciation is included within the administrative expenses line item in the Income Statement.

Notes to the financial statements
Year ended 31 December 2024

16. Intangible assets

	Computer software
Cost	**£**
At 1 January 2023	**1,816,309**
Additions	**130,240**
At 31 December 2023	**1,946,549**
Additions	**1,423,697**
At 31 December 2024	**3,370,246**
Amortisation	
At 1 January 2023	**1,682,865**
Charge for the year	**180,600**
At 31 December 2023	**1,863,465**
Charge for the year	**184,687**
At 31 December 2024	**2,048,152**
Net book value	
At 31 December 2024	**1,322,094**
At 31 December 2023	**83,084**

Intangible assets consist of computer software which is amortised over a period of three years on a straight basis, except for the new core banking system which is being amortised over a period of seven years in line with the term of the licence. The amortisation of intangible assets is included within the administrative expenses line item in the Income Statement. The carrying amount of intangible assets related to the implementation of the core banking system as at 31 December 2024 was £1,294,423 of which £63,071 has been amortised in 2024. The remaining amount to be fully amortised by 30 September 2031 is £1,231,352.

Notes to the financial statements
Year ended 31 December 2024

17. Leases

The Curzon Street premises and the high value printers under lease agreements are recognised under IFRS 16 Leases.

Summary of the impact on the financial statement:

Income statement year ended 31 December	2024 £	2023 £
Depreciation	**111,616**	**122,831**
Finance cost	**28,383**	**32,246**
	139,999	**155,077**

Summary of statement of financial position	2024 £	2023 £
Non-current assets (right-of-use)	**419,490**	**531,105**
Non-current liabilities	**343,307**	**443,363**
Current liabilities	**136,061**	**144,860**

Future minimum lease payments	Curzon St £	Printers £	Total £
Not later than 1 year	**120,861**	**15,200**	**136,061**
Greater than 1 year and less than 5 years	**362,583**	**15,200**	**377,783**
Greater than 5 years	**-**	**-**	**-**
	483,444	**30,400**	**513,844**

As a result of recognising the leases in the year 2024, the assets have decreased by £120,615 (2023 - £77,094). The lease liability at the end of the year is £479,368 (2023 - £588,223) and the lease asset is less than lease liability by £59,878 (2023 - £57,118).

18. Deposits by banks

	2024 £	2023 £
Repayable on demand	**104,414,488**	**69,751,738**
With agreed maturity dates or periods of notice, by remaining maturity:		
Within three months	**57,854,780**	**19,364,195**
	162,269,268	**89,115,933**

Included in the above are amounts due to parent undertakings of £2,024,315 (2023 - £1,564,015).

19. Customer accounts

	2024 £	2023 £
Repayable on demand	**46,736,527**	**44,287,754**
With agreed maturity dates or periods of notice, by remaining maturity:		
Within three months	**102,078,251**	**76,979,166**
Between three months and one year	**19,148,655**	**16,120,522**
	167,963,433	**137,387,442**

20. Other liabilities

	2024 £	2023 £
Other taxes and social security costs	**21,444**	**43,530**
Other liabilities	**12,258,224**	**1,842,088**
	12,279,668	**1,885,618**

Other liabilities include the value of items received in transit but not yet settled. For the year 2024 this included receipt of a correspondent bank late remittance with value of £8.29m settled the next day.

21. Deferred tax

The movement on the deferred income tax account is as follows:

	2024 £	2023 £
At beginning of year	**(698,679)**	**(657,256)**
Fixed asset temporary differences	**(387,314)**	**(6,596)**
Short term temporary differences	**(34,854)**	**(34,827)**
At end of year	**(1,120,847)**	**(698,679)**

The deferred tax (liability) is attributable to temporary differences arising in respect of the following items:

Deferred income tax (liability)

	2024 £	2023 £
Fixed asset temporary differences	**(698,679)**	**(657,256)**
Short term temporary differences	**(422,168)**	**(41,423)**
Net deferred tax liability	**(1,120,847)**	**(698,679)**

22. Subordinated Loan

The Bank signed an agreement for the issue of a 10-year Subordinated loan of USD 20 million on 19 March 2007 with Bank of Beirut Sal, its immediate and ultimate parent company which was drawn down on 29 May 2007. Interest was initially payable at 3 Month LIBOR + 1%, paid annually but amended at a Board meeting on 10 September 2012 to increase the margin payable on the loan to 2% and extend the maturity date to 29 May 2027. Effective 1 January 2022, in line with regulatory review of reference rates, the Bank agreed an amendment to the interest reference rate to be 3 Month Term SOFR + 2%.

Effective 1 January 2018 the Bank signed a second agreement for the issue of a 15-year Subordinated loan for GBP 16 million to Bank of Beirut Sal, its immediate and ultimate parent company with drawdown on 2 January 2018 and interest payable at GBP 1 Year LIBOR + 4%, paid annually. Effective from 1 January 2022 the Bank agreed with Bank of Beirut Sal to reflect an amendment in the nominated reference rate from GBP 1 Year LIBOR to 1 Year Term SONIA (Term Sterling Overnight Index Average).

At its Board Meeting held on 13 December 2022, it was resolved that the 15 Year GBP 16 Million Subordinated Loan, be repaid in one lump sum instalment together with any interest due contingent upon the written authorisation of the Prudential Regulation Authority (PRA) received on 10 January 2023. The GBP 16 million Subordinated Loan was repaid effective 11 January 2023, whilst at the same time the USD 20 Million Subordinated Loan maturity was extended by a further 3 years to 29 May 2030.

	2024	**2023**
	£	**£**
As at 1 January	**16,140,915**	**33,548,775**
Repayments	**-**	**(16,000,000)**
Accrued interest	**(604,923)**	**(491,193)**
Foreign exchange movements	**248,249**	**(916,667)**
As at 31 December	**15,784,241**	**16,140,915**

23. Called up share capital

	2024	**2023**
	£	**£**
Authorised		
50,000,000 ordinary shares of £1 each at beginning and end of the year	**50,000,000**	**50,000,000**
Called up, allotted and fully paid		
34,150,000 (2023 - 34,150,000) ordinary shares of £1 each at beginning of the year	**34,150,000**	**34,150,000**
34,150,000 ordinary shares of £1 each at end of the year	**34,150,000**	**34,150,000**

The Bank has authorised and issued share capital in ordinary class shares only, with no designated rights, preferences or restrictions attached to the shares including any restrictions on the distribution of dividends and repayment of capital.

24. Reconciliation of movements in shareholders' funds and movements on reserves

	Called up share capital £	Retained earnings £	Total £
As at 1 January 2024	**34,150,000**	**80,845,335**	**114,995,335**
Dividends paid	**-**	**(4,449,548)**	**(4,449,548)**
Profit for the year	**-**	**9,669,994**	**9,669,994**
Other adjustment	-	**(1,406)**	**(1,406)**
As at 31 December 2024	**34,150,000**	**86,064,375**	**120,214,375**

	Called up share capital £	Retained earnings £	Total £
As at 1 January 2023	**34,150,000**	**73,934,182**	**108,084,182**
Dividends paid		**(1,987,942)**	**(1,987,942)**
Profit for the year		**8,899,095**	**8,899,095**
As at 31 December 2023	**34,150,000**	**80,845,335**	**114,995,335**

25. Contingent liabilities

ECL for Contingent liabilities of £77,245 (2023 - £97,737) is included within Other Liabilities:

	2024 £	2023 £
Irrevocable letters of credit	**54,637,899**	**53,842,568**
Guarantees	**909,053**	**897,438**
	55,546,952	**54,740,006**

26. Commitments

	2024 £	2023 £
Formal standby facilities, credit lines and other commitments to lend:		
Less than one year	**60,100,000**	**130,344,038**
One year and over	**10,230,008**	**392,619**
	70,330,008	**130,736,657**

	2024 £	2023 £
Of which undrawn commitments are shown below and includes an ECL of £7,442 (2023 - £13,209).	**30,446,300**	**29,626,900**

27. Related party transactions

During the year, the Bank entered into the following transactions with its holding company, Bank of Beirut, Sal:

	2024 £	2023 £
Interest received from holding company	**-**	**-**
Interest paid to holding company	**(1,142,560)**	**(1,277,202)**
Fees paid to holding company	**(508,644)**	**(499,636)**
Dividends paid to holding company	**(4,449,548)**	**(1,987,942)**

Balances of the holding company as at the balance sheet date are as follows:

	2024 £	2023 £
Deposits from:		
Current /call accounts	**1,698,145**	**1,564,015**
Fixed Deposits	**315,840**	**-**
Subordinated loan	**15,784,241**	**16,140,915**
Exposures to:		
Letters of Credit	**315,840**	**-**

The interest rates charged to/from the holding company are at market rate. Any Letter of Credit and Acceptance balances are fully secured by cash collaterals held. All other balances are unsecured.

Directors' transactions

The following transactions have taken place with directors:

The Bank gave to two of its executive directors in 2024 unsecured non-interest bearing loans payable within 12 months. These amounted to £3,942 (2023 - £2,580) in respect of personal travel costs and £3,865 (2023 - £2,809) related to private healthcare costs.

Additionally, the Bank provided a non-interest bearing overdraft facility to one of its non-executive directors. The balance outstanding as at 31 December 2024 was £9,205 (2023 - £90,110).

	2024 £	2023 £
Deposits from Directors	**8,478,857**	**7,608,267**

All deposits are paid interest according to prevailing market rates as appropriate.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Bank, is set out below in aggregate for each of the categories specified in IAS 24

	2024 £	2023 £
Short-term employee benefits	**1,317,437**	**1,077,683**
Post-employment benefits	**30,047**	**29,275**
	1,347,484	**1,106,958**

27. Related party transactions (continued)

Other Related Party Transactions

These balances include persons or a close member of that person's family who have control or joint control over Bank of Beirut (UK) Ltd, significant influence over Bank of Beirut (UK) Ltd, or are a member of the key management personnel of Bank of Beirut (UK) Ltd or Bank of Beirut Sal (Lebanon).

	2024 £	2023 £
Deposits from other related parties	12,542,786	12,285,369
Loans to other related parties	1,804,747	1,804,562

Interest received or paid on both Deposit and Loans is according to prevailing market rates as appropriate.

28. Ultimate parent and controlling party

The ultimate parent and controlling party as at 31 December 2024 are Bank of Beirut Sal, which is incorporated in Lebanon. All of the Bank's issued share capital is wholly owned by Bank of Beirut Sal, which is the parent company of the smallest and largest groups into which the results of the Bank are consolidated. Copies of the group accounts can be obtained from 66 Cannon Street, London EC4N 6AE.

29. Dividends

The Board approved payment of a dividend to its shareholder in 2024 of £4,449,548 being 50% of the Profit after Tax for the year 2023, which equates to £0.1302942 per share. The payment of this dividend had no tax consequences for the Bank.

30. Financial instruments and risk management

The Bank holds and issues financial instruments for three main purposes:

- to earn an interest margin or a fee;
- to finance its operations; and
- to manage the interest rate and currency risks arising from its operations and from its sources of finance.

The Bank does not have a trading book.

As at the end of 31 December 2024, the carrying value of the financial assets and liabilities of the Bank approximates to its fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties in an arm's length transaction.

Market values are used to determine fair values.

Fair values of financial assets and liabilities

The carrying amount of financial assets and liabilities approximates their fair value due to the short-term maturity of the majority of the financial assets and liabilities.

All loans and advances to customers are offered at floating rates and are recorded in the balance sheet using the effective interest rate method, less provision for impairment loss. This value is considered to be a good approximation for fair value.

The fair value of derivatives held for non-trading purposes is determined by market prices, or, where market prices are not available, by applying current market information to pricing or valuation models. The fair value hierarchy for the valuation of derivatives is level 2 – inputs other than quoted prices that are observable for the asset or liability which are derived indirectly (i.e. derived from prices).

30. Financial instruments and risk management (continued)

As well as using derivatives to hedge foreign exchange exposure, the Bank may take exchange rate contract orders from customers and will cover these by entering into similar positions with approved counterparties. For the years 2024 and 2023 the Bank has not entered into any exchange related contracts.

Valuation hierarchy

The Bank holds financial instruments that are measured at fair value subsequent to initial recognition which consist of European Government securities as well as US government securities. These instruments have been categorised within one of the three levels using fair value hierarchy that reflects the significance of the inputs used in making the measurements. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities where prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient frequency to provide on going pricing information,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data ("unobservable inputs").

Investments classified as Level 2 comprise of over the counter derivatives.

	Quoted Market prices (Level 1)	Valuation techniques using observable data (Level2)	Valuation techniques using non-observable market data (Level3)
	£	£	£
Financial assets			
Derivative liabilities	-	144,592	-
As at 31 December 2024	-	144,592	-

	Quoted Market prices (Level 1)	Valuation techniques using observable data (Level2)	Valuation techniques using non-observable market data (Level3)
	£	£	£
Financial assets			
Derivative assets	-	47,396	-
As at 31 December 2023	-	47,396	-

30. Financial instruments and risk management (continued)

The key risks arising from the Bank's financial instruments are:

1. credit risk;
2. liquidity risk;
3. interest rate risk; and
4. Foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Management Committee to develop and monitor the Bank's risk management policies in their specified areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which employees understand their roles and obligations.

The Board have established a Board Audit, Risk & Compliance Committee which is constituted to ensure that the Executive Management has established and maintains an effective system of internal controls on behalf of the Board. It is also responsible for providing a channel of communication between the Board, the Management Committee, the Risk and Compliance functions, and Internal and External Audit.

The Board Audit, Risk & Compliance Committee also monitors compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Committee is assisted in these functions by Internal Audit and the Risk and Compliance departments. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, whilst Risk and Compliance provide quarterly reports the results of which are reported to the Board Audit, Risk & Compliance Committee.

30.1 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, sector and country concentration risk).

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee and Management Committee. Their main duties include the approval of credit applications and credit provisions, the approval of credit policy and subsequent amendments.

The Bank's maximum exposure to credit risk after taking account of any collateral and other credit risk mitigations, by class of financial instrument is shown in the table below:

	2024		2023	
	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
Placement with banks:	£	£	£	£
Loans and advances	**139,666,071**	**139,666,071**	**84,957,369**	**84,957,369**
Loans and advances to customers:				
Loans and advances	**121,490,730**	**114,558,966**	**121,214,222**	**114,232,104**
Net letters of credit and guarantees	**55, 469,707**	**26,067,502**	**54,642,271**	**47,348,090**
Loan commitments (unutilised)	**30,446,300**	**28,517,824**	**29,626,900**	**23,035,505**
	347,072,808	**308,810,363**	**290,440,762**	**269,573,068**

30. Financial instruments and risk management (continued)

30.1 Credit risk (continued)

Net impairment losses recognised in profit or loss consist of impairment in relation to more than one asset class. The following table shows a breakdown of the impairment charge for the year by class of financial asset.

Net Impairment (gain)/ charges	2024 £	2023 £
Cash and balances at banks	(83)	411
Placements with banks	(73)	(337)
Loans and advances to customers	(265,679)	781,362
Debt securities at amortised cost	336	88
Financial assets at FVTOCI	-	-
Acceptances	(9,367)	(4,502)
Contingent liabilities	27,933	(49,114)
Outstanding facilities	5,767	8,305
Net impairment (gain) / charges	**(241,166)**	**736,213**

All the financial assets held by the Bank are classified as Stage 1 at inception and then all loans and advances together with other financial assets, including to customers are categorised into 3 stages upon review of the portfolio for significant increase in credit risk or default.

The assets are classified as follows:

	Loans and advances at amortised cost £	Other amortised cost £	Fair value to pl £	Non-financial assets £	Total £
As at 31 December 2024					
Assets					
Cash and due from banks	139,856,747	-	-	-	139,856,747
Placements with banks	139,666,071	-	-	-	139,666,071
Loans and advances to customers	121,490,730	-	-	-	121,490,730
Customers’ acceptances	-	1,782,502	-	-	1,782,502
Financial assets at amortised cost	-	57,046,007	-	-	57,046,007
- US Treasury bonds	-	52,082,941	-	-	52,082,941
- EU Treasury bonds	-	4,963,066	-	-	4,963,066
Land & Buildings	-	-	-	18,449,381	18,449,381
Property and equipment	-	-	-	777,656	777,656
Intangible assets	-	-	-	1,322,094	1,322,094
Right-of-use lease assets	-	-	-	419,490	419,490
Current tax assets	-	-	-	406,294	406,294
Prepayments and accrued income	-	-	-	1,554,403	1,554,403
Total assets	**401,013,548**	**58,828,509**	**-**	**22,929,318**	**482,771,375**

30. Financial instruments and risk management (continued)

30.1 Credit risk (continued)

	Loans and advances at amortised cost	Other amortised cost	FVTOCI	Non-financial assets	Total
	£	£	£	£	£
As at 31 December 2023					
Assets					
Cash and due from banks	97,312,901	-	-	-	97,312,901
Placements with banks	84,957,369	-	-	-	84,957,369
Loans and advances to customers	121,214,222	-	-	-	121,214,222
Customers' acceptances	-	4,492,125	-	-	4,492,125
Financial assets at amortised cost	-	38,550,817	-	-	38,550,817
- US Treasury bonds	-	33,422,710	-	-	33,422,710
- EU Treasury bonds	-	5,128,107	-	-	5,128,107
Land & Buildings	-	-	-	18,582,982	18,582,982
Property and equipment	-	-	-	699,430	699,430
Intangible assets	-	-	-	83,084	83,084
Right-of-use lease assets	-	-	-	531,105	531,105
Derivative Assets			47,396		47,396
Prepayments and accrued income	-	-	-	1,057,213	1,057,213
Total assets	303,484,492	43,042,942	47,396	20,953,814	367,528,644

Movements in provision for the year provided below:

Movement in provisions	12 month ECL (Stage 1) 2024	Lifetime ECL (Stage 2) 2024	Lifetime ECL (Stage 3) 2024	Total 2024
	£	£	£	£
At 1 January 2024 per IFRS 9	390,783	84,017	9,740,381	10,215,181
Movement in Stage 1 ECL	(44,123)	-	-	(44,123)
Movement in Stage 2 ECL	-	(15,409)	-	(15,409)
Movement in Stage 3 ECL	-	-	(185,024)	(185,024)
Foreign exchange and other movements	-	-	132,372	132,372
Interest suspense	-	-	-	-
At 31 December 2024	346,660	68,608	9,687,729	10,102,997

30. Financial instruments and risk management (continued)

30.1 Credit risk (continued)

Movement in provisions

	(Stage 1) 2023 £	(Stage 2) 2023 £	(Stage 3) 2023 £	Total 2023 £
At 1 January 2023 per IFRS 9	**695,595**	**267,693**	**9,339,515**	**10,302,803**
Movement in Stage 1 ECL	**(304,812)**	**-**	**-**	**(304,812)**
Movement in Stage 2 ECL	**-**	**(183,676)**	**-**	**(183,676)**
Movement in Stage 3 ECL	**-**	**-**	**1,224,702**	**1,224,702**
Foreign exchange and other movements	**-**	**-**	**(497,838)**	**(497,838)**
Interest suspense	**-**	**-**	**(325,998)**	**(325,998)**
At 31 December 2023	**390,783**	**84,017**	**9,740,381**	**10,215,181**

Movement in gross carrying amount of loans

	Loans £	Loans £	Loans £	Total 2024 £
At 1 January 2024	**114,295,766**	**7,063,288**	**9,951,843**	**131,310,897**
Movement in Stage 1	**5,074,479**	-	-	**5,074,479**
Movement in Stage 2	-	**(5,476,455)**	-	**(5,476,455)**
Movement in Stage 3	-	-	**590,814**	**590,814**
At 31 December 2024	**119,370,245**	**1,586,833**	**10,542,657**	**131,499,735**

	Loans £	Loans £	Loans £	Total 2023 £
At 1 January 2023	**159,945,171**	**2,049,949**	**9,795,375**	**171,790,495**
Movement in Stage 1	**(45,649,405)**	-	-	**(45,649,405)**
Movement in Stage 2	-	**5,013,339**	-	**5,013,339**
Movement in Stage 3	-	-	**156,468**	**156,468**
At 31 December 2023	**114,295,766**	**7,063,288**	**9,951,843**	**131,310,897**

2024 saw the re-classification of the Bank's Ghanaian credit exposures from Stage 2 back to Stage 1. This decision was made after implementation of an IMF program to support Ghana with restructuring of its local and external debt and on the continued observation and evidence of repayments with no overdue exposures and no increase in credit risk for all Ghanaian exposures over a period of more than 12 months. The re-classification resulted in a year on year net decrease of £5.48m to £1.59m of the gross carrying amount of Stage 2 loans, with the residual Stage 2 carrying amount of £1.59m reflecting direct Lebanese risk i.e. that which is not considered as offshore accounts and one UK loan secured against property. Lebanese offshore exposures, where the source of funds remains from outside Lebanon and where there is no evidence of significant increase in credit risk or delays in repayment, continue to be classified as Stage 1.

30. Financial instruments and risk management (continued)

30.1 Credit risk (continued)

Net movement in Stage 3 exposures showed an increase of £591k in the year which included £563k related to a UK based exposure fully secured by prime London real estate but which had past dues of more than 90 days. The position has since been fully repaid following sale of the mortgaged property. All classified Stage 3 exposures are fully provided against with the exception of one corporate client which is partially provided for but is also covered by legal charges held in our favour.

ECL sensitivity

The Bank has adopted three macro-economic scenarios in calculating its Probability of Default (PD) and ECL charge, namely good, base and bad. The Bank has considered the impact of a general deterioration in the macro-economic factors as a means of applying a stress scenario to the overall ECL charge as at 31st December 2024. This has been modelled by applying different weightings to the scenarios used to calculate the charge. Gross exposures allocated to Stage 3 do not change as the criteria rely only on observable evidence of default and not on macro-economic scenarios. However, PD of the counterparty is the key source of estimation of ECL rather than macroeconomic factors.

For Stage 1 and 2 exposures, a worsening in PD due to an unfavourable economic scenario factor would lead to an increase in the ECL charge by 14.8% - £65,860 (2023 – 13.7% - £65,074) and is not considered material. Conversely, an improvement in PD due to a good economic scenario factor to the same exposures would reduce the ECL charge by 11.5% - £51,184 (2023 –11.4% - £53,898).

Allowances for impairment

The calculation of the Bank’s expected credit loss (ECL) allowances and provisions against loan commitments and guarantees under IFRS 9 requires the Bank to make a number of judgements, assumptions and estimates. The main component is a specific loss provision that relates to individually significant exposures and represents the amount remaining after deducting the expected discounted cash flows from the outstanding loan principal and accrued interest at the balance sheet date. The level of impairment allowance will also be impacted by the staging applied to individual contracts under IFRS 9.

Write-off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Board determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer’s financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit risk concentration

The Bank manages credit risk concentration by setting exposure limits to groups/individual counterparties and countries. The Bank monitors credit risk concentration against limits daily. Any excesses, actual or potential, are notified by the Credit Department to the MD / CEO for ratification, approval and/or recommendation to the Management Committee / Board for direction as to remedial action.

The Bank’s principal financial assets are placements with banks, loans and advances to customers and held to maturity investments, all of which are held at amortised cost.

The Bank’s credit risk is primarily attributable to its loans and advances to customers. The amount presented in the balance sheet is net of impairment losses. Impairment losses are recognised if there is objective evidence that an event or events since initial recognition of an asset have adversely affected the amount or timing of future cash flows from the asset.

The Bank is exposed to concentration risk due to its customer base being largely financial institutions predominantly located in the Middle East and Africa. In this respect the Bank undertakes regular reviews of its lending portfolio and in an effort to mitigate such risk considers other opportunities both within the MEA region and externally.

30. Financial instruments and risk management (continued)

30.1 Credit risk (continued)

The table below summarises the sector and location of concentration risk for the Bank at the year-end.

	Loans and advances to customers 2024 £	Loans and advances to customers 2023 £
Concentration by risk location		
UK	**46,960,032**	**33,223,149**
Europe	**380,000**	**901,274**
Africa	**60,072,030**	**77,672,459**
Rest of the world	**14,078,667**	**9,417,340**
Total	**121,490,730**	**121,214,222**

Concentration risk in Africa includes Nigeria and Ghana whilst Rest of the world includes Lebanon.

30.2 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The liquidity position of the Bank is monitored daily, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

The Bank's Treasury Department is responsible for maintaining sufficient liquidity to meet the Bank's obligations and to meet the specific liquidity requirements of the UK supervisory authorities. Daily liquidity reports are reviewed by Risk for adherence to Board approved internal liquidity parameters and metrics are reported to the Management Committee on a monthly basis and the Audit, Risk & Compliance Committee quarterly. The key measure used by the Bank for managing liquidity risk is the ratio of behaviourally adjusted net liquid assets (maturing in less than one month) to total deposits.

In the unlikely event of a liquidity crisis impacting the Bank, the Treasury Department in accordance with instructions from the Bank's respective Committees would immediately endeavour to sell the Bank's liquid assets, or if more expedient, seek additional funds from the shareholder or borrow in the market to alleviate the shortfall.

The table below shows the undiscounted cash flows on the Bank's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance, and unrecognised loan commitments are not all expected to be drawn down immediately.

30. Financial instruments and risk management (continued)

30.2 Liquidity risk (continued)

Residual contractual maturities of financial liabilities

	Carrying amount	Less than one month	More than one month but not more than three months	More than three months but not more than one year	More than one year	Total
As at 31 December 2024	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative liabilities						
Deposits by banks	**162,269**	**104,414**	**57,585**	**270**	**-**	**162,269**
Customer accounts	**167,963**	**117,152**	**31,634**	**19,149**	**28**	**167,963**
Subordinated loan	**15,784**	**-**			**15,784**	**15,784**
	346,016	**221,566**	**89,219**	**19,419**	**15,812**	**346,016**
As at 31 December 2023	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative liabilities	-	-	-	-	-	-
Deposits by banks	**89,116**	**72,893**	**16,223**	**-**	**-**	**89,116**
Customer accounts	**137,387**	**88,909**	**32,357**	**16,121**	**-**	**137,387**
Subordinated loan	**16,141**	**-**			**16,141**	**16,141**
	242,644	**161,802**	**48,580**	**16,121**	**16,141**	**242,644**

30.3 Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising the return on risk.

The policy of the Bank is to price all placements/exposures at variable rates or at fixed rates for fixed periods on appropriate rollover dates that allow for matching in the market. The tables shown below summarise the repricing mismatches on the Bank's assets and liabilities as at 31 December 2024 and 31 December 2023.

Items are allocated to time bands by reference to the earlier of the next contracted interest rate repricing date and the maturity date. Exposure to interest rate movements arise where there is an imbalance between variable rate and fixed rate and non-rate sensitive assets and liabilities. The table below shows the interest rate sensitivity gap exposures for the Bank as at 31 December 2024. Assets and liabilities are analysed in time bands according to the earlier of the time to the next interest re-pricing date or the maturity date.

30. Financial instruments and risk management (continued)

30.3 Interest rate risk (continued)

Interest rate sensitivity gap analysis 31 December 2024

	Not more than 3 months £'000	In more than three months but not more than six months £'000	In more than six months but not more than twelve months £'000	In more than one year but not more than five years £'000	In more than five years £'000	Non-interest bearing £'000	Total £'000
Assets							
Cash and balances at banks	**136,879**	**-**	**--**	**-**	**-**	**2,978**	**139,857**
Placements with banks	**139,396**	**270**	**-**	**-**	**-**	**-**	**139,666**
Loans and advances to customers	**60,118**	**28,007**	**12,037**	**20,922**	**-**	**407**	**121,491**
Customers' acceptances	**-**	**-**	**-**	**-**	**-**	**1,783**	**1,783**
Financial assets at amortised cost:	**21,972**	**28,697**	**6,377**	**-**	**-**	**-**	**57,046**
- US Treasury Bonds	**17,009**	**28,697**	**6,377**	**-**	**-**	**-**	**52,083**
- EU Treasury bonds	**4,963**		**-**	**-**	**-**	**-**	**4,963**
Land & Buildings	**-**	**-**	**-**	**-**	**-**	**18,449**	**18,449**
Property and equipment	**-**	**-**	**-**	**-**	**-**	**778**	**778**
Intangible assets	**-**	**-**	**-**	**-**	**-**	**1,322**	**1,322**
Right-of-use lease assets	**-**	**-**	**-**	**-**	**-**	**419**	**419**
Current Tax Assets	**-**	**-**	**-**	**-**	**-**	**406**	**406**
Prepayments and accrued income	**-**	**-**	**-**	**-**	**-**	**1554**	**1,554**
Total assets	**358,365**	**56,974**	**18,414**	**20,922**	**-**	**28,096**	**482,771**
Liabilities							
Deposits by banks	**161,999**	**270**	**-**	**-**	**-**	**-**	**162,269**
Customers' accounts	**148,786**	**10,784**	**8,365**	**28**	**-**	**-**	**167,963**
Acceptances payable	**-**	**-**	**-**	**-**	**-**	**1,797**	**1,797**
Accruals and deferred income	**-**	**-**	**-**	**-**	**-**	**663**	**663**
Right-of-use lease liabilities	**-**	**-**	**-**	**-**	**-**	**479**	**479**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**12,280**	**12,280**
Derivative Liabilities						**145**	**145**
Current tax liability	**-**	**-**	**-**	**-**	**-**	**56**	**56**
Deferred tax liability	**-**	**-**	**--**	**-**	**-**	**1,121**	**1,121**
Subordinated loan	**15,784**	**-**	**-**	**-**	**-**	**-**	**15,784**
Equity	**-**	**-**	**-**	**-**	**-**	**120,214**	**120,214**
Total liabilities and equity	**326,569**	**11,054**	**8,365**	**28**	**-**	**136,755**	**482,771**
Interest rate sensitivity gap	**31,796**	**45,920**	**10,049**	**20,894**	**-**	**(108,659)**	**-**
Cumulative gap	**31,796**	**77,716**	**87,765**	**108,659**	**108,659**		

30. Financial instruments and risk management (continued)

30.3 Interest rate risk (continued)

Interest rate sensitivity gap analysis 31 December 2023

	Not more than 3 months £'000	In more than three months but not more than six months £'000	In more than six months but not more than twelve months £'000	In more than one year but not more than five years £'000	In more than five years £'000	Non-interest bearing £'000	Total £'000
Assets							
Cash and balances at banks	97,313	-	--	-	-	-	97,313
Placements with banks	83,364	1,594	-	-	-	-	84,958
Loans and advances to customers	87,280	11,726	12,446	9,763	-	-	121,215
Customers' acceptances	-	-	-	-	-	4,492	4,492
Financial assets at amortised cost:	6,479	17,759	14,313	-	-	-	38,551
Financial assets at FVTOCI:	3,889	17,759	11,775	-	-	-	33,423
- UK Treasury Bonds	2,590		2,538	-	-	-	5,128
- US Treasury bonds	-	-	-	-	-	18,583	18,583
Land & Buildings	-	-	-	-	-	699	699
Property and equipment	-	-	-	-	-	83	83
Intangible assets	-	-	-	-	-	531	531
Right-of-use lease assets	47	-	-	-	-	-	47
Prepayments and accrued income	-	-	-	-	-	1,057	1,057
Total assets	274,483	31,079	26,759	9,763	-	25,445	367,529
Liabilities							
Deposits by banks	89,116	-	-	-	-	-	89,116
Customers' accounts	121,268	8,220	7,900	-	-	-	137,388
Acceptances payable	-	-	-	-	-	4,497	4,497
Accruals and deferred income	-	-	-	-	-	833	833
Right-of-use lease liabilities	-	-	-	-	-	588	588
Other liabilities	-	-	-	-	-	1,886	1,886
Current tax liability	-	-	-	-	-	1,386	1,386
Deferred tax liability	-	-	--	-	-	699	699
Subordinated loan	16,141	-	-	-	-	-	16,141
Equity	-	-	-	-	-	114,995	114,995
Total liabilities and equity	226,525	8,220	7,900	-	-	124,884	367,529
Interest rate sensitivity gap	47,957	22,860	18,859	9,763	-	(99,439)	-
Cumulative gap	47,957	70,817	89,676	99,439	99,439		

The tables above provide only an indication of the sensitivity of the Bank's earnings to movements in interest rates and are consistent with the position throughout the accounting period.

30. Financial instruments and risk management (continued)

30.3 Interest rate risk (continued)

A liability (or negative) gap position exists when liabilities reprice more quickly than assets during a given period and tends to benefit net interest income in a declining interest rate environment. An asset (or positive) gap position exists when assets reprice more quickly than liabilities during a given period and tends to benefit interest income in a rising interest rate environment. The Bank's off-balance sheet items carry no interest repricing risk. The table below shows the weighted average interest rates received and paid for each class of financial asset and financial liability exposed to interest rate risk.

	2024	2023
Financial assets		
Balances with BOE	**5.09%**	**4.68%**
Placements with banks	**4.40%**	**4.53%**
Loans and advances to customers	**11.03%**	**8.72%**
Financial liabilities		
Deposits by banks	**2.48%**	**3.50%**
Customer Accounts	**2.19%**	**3.56%**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various interest rate scenarios. The table below shows the impact on annual profit of a 100 basis point rise or fall in the base rate, and assumes a constant balance sheet position:

		2024		2023
	100 basis points increase £'000	**100 basis points decrease £'000**	**100 basis points increase £'000**	**100 basis points decrease £'000**
Increase/(decrease) in annual profit	**637**	**(653)**	**451**	**(471)**

30.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign currency rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of foreign currency risk management is to manage and control foreign currency risk exposure within acceptable parameters while optimising the return on risk.

Foreign exchange exposure arises from normal banking activities, primarily from the receipt of deposits and the placement of funds. Future open positions in any currency are managed by means of forward foreign exchange contracts. It is the policy of the Bank that it will, at all times, adhere to the limits laid down by CRDIV in respect of the "overall net open position". It is not the Bank's intention to take open positions on its own account (proprietary trading) but rather to maintain square or near square positions in all currencies.

The Bank does not currently deal, and has no plans to deal, in Foreign Exchange Futures, Foreign Exchange Options or Options on Foreign Exchange Futures.

30. Financial instruments and risk management (continued)

30.4 Foreign exchange risk (continued)

The tables shown below give details of the Bank's assets and liabilities as at 31 December 2024 and 31 December 2023, in sterling, based on the currencies in which they are denominated to identify the extent to which the foreign currency exposures of the Bank are matched.

	Sterling £'000	US dollars £'000	Euros £'000	Other currencies £'000	Total £'000
As at 31 December 2024					
Assets					
Cash and balances at banks	68,780	68,450	1,911	716	139,857
Placements with banks	14,000	99,812	25,854	-	139,666
Loans and advances to customers	43,219	77,276	996	-	121,491
Customers acceptances	537	1,168	78	-	1,783
Financial assets at amortised cost:	-	52,083	4,963	-	57,046
Land & Buildings	18,449	-	-	-	18,449
Property and equipment	778	-	-	-	778
Intangible assets	1,322	-	-	-	1,322
Right-of-use lease assets	419	-	-	-	419
Derivative assets	-	-	-	-	-
Prepayments and accrued income	1,518	36	-	-	1,554
Current tax assets	406	-	-	-	406
Total assets	149,428	298,825	33,802	716	482,771
Liabilities					
Deposits by banks	5,599	141,870	14,211	589	162,269
Customer accounts	30,373	118,977	18,612	1	167,963
Acceptances payable	537	1,182	78	-	1,797
Accruals and deferred income	523	95	45	-	663
Right-of-use lease liabilities	479	-	-	-	479
Other liabilities	12,280	-	-	-	12,280
Current tax liability	56	-	-	-	56
Derivative liabilities	145	-	-	-	145
Deferred tax liability	1,121	-	-	-	1,121
Subordinated loan	-	15,784	-	-	15,784
Total liabilities	51,113	277,908	32,946	590	362,557
Net assets/(liabilities)	98,315	20,917	856	126	120,214

30. Financial instruments and risk management (continued)

30.4 Foreign exchange risk (continued)

	Sterling £'000	US dollars £'000	Euros £'000	Other currencies £'000	Total £'000
As at 31 December 2023					
Assets					
Cash and balances at banks	**56,507**	**29,125**	**1,964**	**9,717**	**97,313**
Placements with banks	**19,019**	**52,717**	**13,126**	**96**	**84,958**
Loans and advances to customers	**39,651**	**75,610**	**5,954**	**-**	**121,215**
Customers acceptances	**-**	**2,898**	**1,594**	**-**	**4,492**
Financial assets at amortised cost:	**-**	**33,423**	**5,128**	**-**	**38,551**
Land & Buildings	**18,583**	**-**	**-**	**-**	**18,583**
Property and equipment	**699**	**-**	**-**	**-**	**699**
Intangible assets	**83**	**-**	**-**	**-**	**83**
Right-of-use lease assets	**531**	**-**	**-**	**-**	**531**
Derivative assets	**47**	**-**	**-**	**-**	**47**
Prepayments and accrued income	**1,057**	**--**	**-**	**-**	**1,057**
Total assets	**136,177**	**193,773**	**27,766**	**9,813**	**367,529**
Liabilities					
Deposits by banks	**5,307**	**67,749**	**7,470**	**8,590**	**89,116**
Customer accounts	**21,525**	**96,872**	**18,990**	**1**	**137,388**
Acceptances payable	**-**	**2,903**	**1,594**	**-**	**4,497**
Accruals and deferred income	**667**	**109**	**57**	**-**	**833**
Right-of-use lease liabilities	**588**	**-**	**-**	**-**	**588**
Other liabilities	**1,886**	**-**	**-**	**-**	**1,886**
Current tax liability	**1,386**	**-**	**-**	**-**	**1,386**
Derivative liabilities	**-**	**-**	**-**	**-**	**-**
Deferred tax liability	**699**	**-**	**-**	**-**	**699**
Subordinated loan	**-**	**16,141**	**-**	**-**	**16,141**
Total liabilities	**32,057**	**183,774**	**28,111**	**8,591**	**252,534**
Net assets/(liabilities)	**104,119**	**9,999**	**(345)**	**1,222**	**114,995**

The carrying amounts of derivative assets and liabilities represent fair values and have been included in the heading of sterling currency. Foreign exchange risk on these instruments has been reflected through the currency swaps off balance sheet line, which represents the notional principal amounts in respect of forward foreign exchange derivatives utilised for managing the foreign exchange risk position of the Bank. The net currency assets and liabilities positions are actively managed during business operations. Financial liabilities including deposits by bank, customer accounts, acceptance payable and subordinated loan are carried at amortised cost as at the balance sheet date. Derivative liabilities are carried at fair value to profit and loss at the balance sheet date. The Bank finances its operations by a mixture of shareholders' funds, customer deposits and inter-bank deposits. The deposits raised may be in a range of currencies at floating or fixed rates of interest. The Bank's lending is usually in Sterling, Euros or US dollars and may be either floating or fixed rate. The Bank uses forward foreign exchange contracts to hedge foreign exchange exposures

30. Financial instruments and risk management (continued)

30.4 Foreign exchange risk (continued)

resulting from customer facilitation. All forward foreign exchange contracts for customers are matched with corresponding contracts with banks.

The sensitivity analysis shown below provides an indication of the impact on the Banks profit and loss following reasonable potential changes in currency exposures of a 5% appreciation/depreciation against GBP to demonstrate the exchange risk the Bank is exposed to with all other variables held constant.

As at 31 December 2024	US dollars £'000	Euros £'000	Other currencies £'000
Net foreign currency exposure	**20,917**	**856**	**126**
Impact of 5% appreciation against GBP	**1,046**	**43**	**6**
Impact of 5% depreciation against GBP	**(1,046)**	**(43)**	**(6)**

As at 31 December 2023	US dollars £'000	Euros £'000	Other currencies £'000
Net foreign currency exposure	**9,999**	**(345)**	**1,222**
Impact of 5% appreciation against GBP	**500**	**(17)**	**61**
Impact of 5% depreciation against GBP	**(500)**	**17**	**(61)**

31. Capital risk management

The Bank's Capital consists of Pillar 1 and Pillar 2 requirements as per the regulatory guidelines.

The Pillar 1 requirement is the higher of

(a) the base capital requirement; and
(b) the variable capital requirement which is the sum of:

i. The credit risk capital requirements based on the risk weighted assets
ii. The market risk capital requirement
iii. The Operational capital requirement

The credit risk capital requirements are calculated as the sum of the risk weighted components of credit risk, counterparty risk and concentration risk capitals. The market risk capital requirement is calculated as the sum of the interest rate position risk and the foreign currency position risks. The operational risk capital is calculated under the 'Basic Indicator' approach in accordance with Capital Requirements Regulations (CRR) Article 315. The Bank complied with all regulatory capital adequacy requirements stipulated within the CRR during 2024.

Pillar 2 requirement is the capital required for the risks not covered in Pillar 1 and the Bank follows the Pillar 1 plus approach as set out in the regulatory guidelines. In addition, the regulatory capital requirement determined by the regulators is also included in the capital structure of the Bank.

As at 31 December 2024 the total capital resources of the Bank is £136m (2023 - £131.1m).

Capital of the Bank is managed through the documentation of Individual Capital Adequacy Assessment process arriving at the risk weighted credit exposure, the market risk and the operational risk and the corresponding capital required. This is reviewed periodically.

31. Capital risk management (continued)

There are no changes in the business objectives of the Bank in comparison to the previous year and in the process of arriving at the capital requirement of the Bank. The capital resources of the Bank have increased by the addition to the retained earnings in the year 2024.

Any breach of the regulatory capital requirements will be dealt with extant rules and regulations of the regulator. The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Bank's overall strategy remains unchanged.

The capital structure of the Bank consists of shareholders' equity comprising issued capital and retained earnings as disclosed in note 23 and 24 as well as subordinated loans as disclosed in note 22.

32. Collateral

Of the total amount of loans classified as Stage 3, the Bank holds collateral valued at £3,951,782 (2023 - £1,103,730) in the form of property on loans with a gross carrying value of £1,136,542 (2023-£493,076). We expect that this collateral will cover the exposures but have also maintain an additional sum of £281,614 as Specific Provision in light of the prevailing market conditions that may impact the sale process.

33. Events after the audit reporting period

33.1 Payment of Final Dividend

The Board agreed and resolved at its Board Meeting of 22 April 2025 to the payment of a final dividend in 2025 to the Bank's shareholder equal to £4,834,997 (2024 - £4,449,548) representing 50% of the Bank's Annual Profit after Tax for 2024.

33.2 Retirement of independent Non-Executive Directors

Having completed their terms as independent non-executive directors, both Marcus John Trench and Anthony Bush retired effective 31 March 2025. They have been replaced in the year under review by Jane Lloyd and Kevin Flannery.