

Registered Number 04661188



FIDBANK UK LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2024

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FINANCIAL HIGHLIGHTS

Thousands of US Dollars (Unless otherwise stated)

	2024	2023	2022	2021	2020
<i>Reporting period ended</i>	31 December	31 December	31 December	31 December	31 December
Total Income	12,135	8,800	3,971	3,949	6,268
Loss before tax	(2,151)	(3,023)	(5,382)	(5,966)	(16,507)
Loss after tax	(2,151)	(3,023)	(5,382)	(5,965)	(16,505)
Dividends declared	-	-	-	-	-
Shareholders' Funds	55,371	57,497	35,519	40,898	46,866
Total Assets	272,320	189,609	96,633	170,895	287,623
Capital / Risk Weighted Assets	43%	98%	54%	40%	36%
Return on Equity	(3.9%)	(5.3%)	(15.2%)	(14.6%)	(35.2%)
Cost Income Ratio	112%	136%	232%	263%	163%
NPL Ratio	0.55%	-	-	-	5.89%
Dollar / Sterling exchange rate					
Year End	\$1.25	\$1.27	\$1.20	\$1.35	\$1.37
Average	\$1.28	\$1.25	\$1.23	\$1.38	\$1.29

Capital / Risk Weighted assets is calculated as Shareholders' Funds / Risk Weighted Assets.

Return on equity is calculated as loss after tax / Shareholders' Funds.

Cost Income Ratio has been calculated using total costs (excluding impairment) / total income.

NPL Ratio is calculated as gross non-performing loans / loans to banks and customers (excluding bank placements).

CHAIRMAN'S STATEMENT

Opening Remarks

2024 is the first full financial year that FidBank UK Ltd (the "Bank" or "FBUK"), has operated as a fully owned subsidiary of Fidelity Bank Plc (FBP).

As Chairman of the Board of FBUK, it has been my pleasure to work with the Board in supporting the executive team in this important growth phase of the Bank, after the Change in Control (CIC).

2024 Financial Performance

Our performance in 2024 reflects a continuous period of growth with the Bank maintaining a cautious approach in its use of liquidity and the level of deposits held. This enabled the Bank to grow the books and maintain a larger level of assets base.

This has put the Bank on the path of achieving future sustainable profitability and prospects of long-term financial viability. The improved financial performance in 2024 compared to 2023 financial year was driven by the following:

- Interest rates remained stable for the first 3 quarters of the year in the United Kingdom. The US Federal Funds rate was 5.50% on 1 January 2024, before dropping to 5% in September and 4.5% in December. Similarly, the UK Bank of England base rate was 5% on 1 January 2024, before reducing to 4.75% in November and staying stable until the end of December.
- The Bank was able to grow fees and commission income by 54% in 2024, which was mostly accounted for by \$0.5m growth in fees from LC (Letters of credit) transactions emanating from increased volumes of LC business.
- Total Assets increased from \$190m on 31 December 2023 to \$272m on 31 December 2024. The majority of the Bank's assets were placements and loans and advances to banks, being \$166m or 61% at 31 December 2024 (\$135m at 31 December 2023).

In Nigeria, annual inflation rose from 28% in December 2023 to over 34% in December 2024. However, the UK inflation was 4% in December 2023 and reduced to 2.5% on 31 December 2024. To date, the only effect on the Bank has been how the Central Banks have responded through interest rates to lower inflation.

The stability in interest rates in the first 3 quarters of the year and the increase in the risk asset portfolio boosted interest income from \$8.6m in 2023 to \$14.7m at the end of 2024.

Our average staffing increased throughout the year, as the Bank deepened activity in the new phase of growth. Average staffing levels increased from 44 in 2023 to 54 in 2024, closing with 55 staff on 31 December 2024. This resulted in staff costs increasing by \$1.8m, from \$6.4m to \$8.2m.

Overall, administrative expenses rose from \$11.2m in 2023 to \$12.8m in 2024. This is commensurate with the expanded operations of the Bank as it scales to handle more transactions.

Following the CIC, the Bank is in a phase of growth and has witnessed some changes in personnel to complement the growth trajectory.

The additional liquidity and capital enabled the Bank to grow its balance sheet total asset by 44% year on year and contributed to increased income.

It is my belief that the Bank is now on a sustainable path to profitability, with the growth in balance sheet and pipeline deals yet to be executed.

CHAIRMAN'S STATEMENT (continued)

2025 Outlook

The macroeconomic outlook in 2025 is likely to see both USD and GBP interest rates begin to drop, with inflation easing from recent high levels in the US and UK.

Inflation in the Bank's target market, however, will continue to be higher than in the UK and US, while the regulatory authorities in Nigeria appear set to continue to work on easing foreign currency flows to improve economic activities.

Reflecting on our journey over the last financial year, I am delighted with the progress we have made and optimistic about what the future holds for us.

Appreciation

I would like to express my profound appreciation to all our external stakeholders, including our customers, investors and partners, for their sustained confidence in and loyalty to the Bank. My appreciation also extends to all our employees, for their critical role in adapting to challenges and supporting the realization of the Bank's strategic aspirations.

I look forward to the Bank's continued service to its current and prospective customers whilst leveraging on the benefits of being part of the Fidelity Bank Plc Group in 2025 and beyond.

Thank you.

N Onyeali-Ikpe

Dr. Nneka Onyeali-Ikpe
Chairman

25 April 2025

DIRECTORS AND ADVISERS

Directors:

Nneka Onyeali-Ikpe	Non-executive Director
David Forster	Managing Director/Chief Executive (resigned 11 April 2025)
Nigel J Richards	Independent non-executive and Chairman of the Risk Committee resigned 31 March 2024
Emeka Okonkwo	Non-executive Director
Caroline C Bault	Independent non-executive and Chair of the Remuneration and People Committee
Ndidi R Dimanochie	Executive Director who received SMF approval from the FCA on 3 January 2024
Mark V Jarvis	Independent non-executive and Chairman of the Audit and Compliance Committee
Subuola Abraham	Non-executive Director appointed 26 July 2023, resigned 22 January 2024
Mobola Faloye	Independent Non-executive Director and Chair of Risk Committee appointed on 08 July 2024

Secretary: P.R Hartley F.C.A London, EC2R 7AF

Registered Office: 1 King's Arms Yard, London, EC2R 7AF

Solicitors: Hogan Lovells LLP Atlantic House, London, EC1A 2FG

Auditors: BDO LLP 55 Baker Street, London, W1U 7EU

PRINCIPAL OFFICERS

Management Committee:

David Forster	Managing Director/Chief Executive (resigned 11 April 2025)
Ndidi Dimanochie	Executive Director – Head of Business & Operations
Kajal Agnihotri	Associate Director, Chief Risk Officer
Steven Bennett	Associate Director, Chief Operating Officer
Farhood Hieydary	Associate Director, Treasurer
Tola Awosika	Associate Director, Chief Compliance Officer & MLRO
Janet A Ntuk	Associate Director, Head of HR & Facilities
Oyedokun Faniran	Associate Director, Chief Finance Officer
Martin Uzus	Associate Director, Business Development

STRATEGIC REPORT

Overview

FBUK's strategic aim, following the purchase by Fidelity Bank Plc of Nigeria, is primarily to serve as an extension of Fidelity Bank Plc in the UK. Our focus continues to be building our core business segments of Retail, Treasury, Corporate and Commercial both vertically, by offering a competitive range of products, and horizontally so that our customers recognise FBUK for all their banking needs.

Performance

The Bank's performance in 2024 reflected higher business volumes following the completion of the change in control of the Bank in 2023.

The Bank of England interest rate remained 5% for most of the year before dropping to 4.75% in Q4, 2024. This resulted in a lower pre-tax loss of US\$2.1m against the previous year loss of US\$3.02m.

Interest income at US\$14.7m is up from the 2023 figure of US\$8.6m due to the interest rates prevailing in the market boosting revenue from an increased asset base. The interest expense also increased from \$1.4m in 2023 to \$4.8m in 2024, driven by the increase in deposit liability base.

Dealing and exchange gains recorded at US\$0.3m was similar to 2023 levels of US\$0.3m. Fee and commission income of US\$2.1m was an increase on the previous year of US\$1.3m.

Our average staffing increased throughout the year, as the Bank increased activity in the new phase of growth. Average staffing levels increased from 44 in 2023 to 54 in 2024, and closed the year with 55 staff in post at 31 December 2024. This resulted in staff costs increasing by \$1.8m, from \$6.4m to \$8.2m. Professional fees paid for consultancy also increased from \$1.03m in 2023 to \$1.22m in 2024 as the Bank invested in support and advice to strengthen the infrastructure, risk and control framework of the Bank. Overall, administrative expenses rose from \$11.2m in 2023 to \$12.8m in 2024.

A significantly increased asset base gave rise to impairment charges of \$640k at 31 December 2024, in comparison to shorter average remaining life of loans at the end of 2023 which resulted in reduction in impairment credit amounting to US\$0.13m.

Position

Total assets of the Bank increased from \$190m at 31 December 2023 to \$272m at 31 December 2024. The majority of the Bank's assets were placements and loans and advances to banks, being \$166m at 31 December 2024 (\$135m at 31 December 2023).

Loans and advances to customers increased to \$55m at 31 December 2024 from \$9m at 31 December 2023.

The overall increase in assets was driven by the increase in the Bank's deposit liabilities. Of the \$84m increase in deposit liabilities, the biggest increase was driven by the increase in customer liabilities from \$51m on 31 December 2023 to \$108m on 31 December 2024. This increase was due to mobilisation of retail deposits during the year. The next major contributor being the increase in deposits from Banks increasing from \$79m on 31 December 2023 to \$106m on 31 December 2024.

Key Performance Indicators

The key indicators of the Bank's performance monitored by the Board are those relating to performance as measured by the pre-tax return on equity (ROE) and Capital over risk weighted assets.

In the 12 months to 31 December 2024, FBUK's capital over risk weighted assets was 43% (2023: 98%) and loss on equity was 3.9% (2023: loss of 5.3%). The change in these metrics were accounted for by significant increase in risk assets created in 2024 compared to 2023. The Bank was able to deploy the capital injected after change in control of 2023 and also utilise the excess capital capacity previously on the books. Thus, the Bank incurred a smaller loss in 2024 in comparison with 2023. The key indicator of efficiency monitored by the Board is the cost/income ratio which moved to 112% from 136% in 2023 reflecting the increased revenue capacity despite increase of admin costs due to the scaling up of business in the year.

The Bank recognises that the movement in Sterling/US\$ rates can impact on its costs and it would take appropriate steps if there is a significant negative movement. The Bank's results are shown in the statement of comprehensive income on page 23, with the impact on shareholders' funds shown in the statement of changes in equity on page 25.

STRATEGIC REPORT (continued)

We recognise our Corporate Responsibility and are committed to ensuring our business practices have a positive effect on our staff, clients and society as a whole. We achieve this through adhering to key corporate objectives and values of a high standard which are set and pursued in the context of the current social and regulatory environment. We know that sustainable business success depends on the engagement of our people and with our community.

The Bank continues to develop its Climate Risk Strategy that meets the PRA's Supervisory Statement on 'Managing the Financial Risks from Climate Change' during the year, led by the Chief Risk Officer ("SMF 4"). This includes:

- A *Climate Risk Policy*, which follows the 5 Pillars approach of our Enterprise Wide Risk Framework, and includes a mission statement setting out the Bank's overarching commitment and approach to climate risk.
- A *Climate Risk Framework* which sets out the Bank's approach and practical application of the Climate Policy and provide a means for assessing the risks on particular business activities as relevant to the scope of our business and client base.
- A *Climate Change Risk Assessment* assessing the short, medium and long-term risks of climate change.
- Working with a leading specialist the Bank is using science-based carbon accounting to develop a *Climate Risk Assessment* to benchmark our own operations and CO2 emissions.

Future Prospects

The Bank, as a part of the Fidelity Bank Plc group, remains committed to serving its current customers and target market and will continue to be a leading provider of specialised financial services to target clients with interests in the UK, Europe and Africa.

Risk Management

The Board of Directors is ultimately responsible for risk management policies, limits and risk appetite. It is supported by two of its standing Committees, the Board Risk Committee and Board Audit & Compliance Committee that assist in formulating policy and provide strategic direction for all aspects of risk management. These Committees, in turn, charge management to develop, update and implement these policies, controls and limits with risk management ensuring that there is no event or combination of events that will materially affect the stability of the Bank.

Management operates through a number of committees, namely The Asset and Liability Committee ('ALCO'), Management Risk Committee, Credit Committee and Executive Committee, each having its own terms of reference.

All credit decisions and new products require the approval of one or more committees depending on the amount required and are initially reviewed and recommended by the Risk Department before submission to the relevant committee for approval. Risk will monitor the credit until drawdown to ensure all conditions precedent are met. All portfolios and limits are continuously monitored by senior management via the monthly Management Risk Committee.

Principal Risks and Uncertainties

The principal risks associated with the business of the Bank are credit risk, liquidity risk, market interest rate risk, regulatory risk and operational risk. The Bank has established a comprehensive enterprise risk management framework to manage these risks, guided by the Basel Committee's principles for sound risk management and compliance with Basel III and FCA and PRA prudential regulations, including those in respect of liquidity risk.

Section 172(1) statement

The employees are the Bank's most valuable asset, as recognised by the Directors in the "Employee Matters" section of the Directors' Report. Staff engagement continues to be undertaken, though one to one meetings, team meetings and regular meetings with the CEO" to understand employees' wishes.

STRATEGIC REPORT (continued)

Maintaining the Bank's reputation with Regulators and other stakeholders continues to be of paramount importance to the Bank. The Bank will continue to undertake its business adhering to the highest standards of conduct and culture, as detailed in the "Corporate Culture and Values" section of the Directors' report. We will keep all stakeholders fully informed and we hold regular meetings with the Regulator.

As already highlighted in this Directors' Report the Bank has a clearly defined process for risk identification, assessment and mitigation and has identified those reputational risks associated with the sale and ensured mitigants are in place.

Management will continue to closely follow the global economic situation with an emphasis on Nigeria via the ALCO and evaluate the possible short and long term impact on our portfolios. In addition, the Bank makes an assessment with regard to current and prospective regulatory developments and their likely impact on the Bank's capital and liquidity requirements, and the Bank's approach to the management of its other key risks, as well as current budgets and financial forecasts for profitability, capital and liquidity requirements including under possible future business models. The Bank is satisfied that as a result of these assessments and its prudent approach to risk management, there would be no unexpected negative impact from these factors.

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

NDIDI DIMANOCHIE

Ndidi Dimanochie

Executive Director

25 April 2025

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2024.

Principal Activities

FBUK was incorporated in England and Wales on 10th February 2003 as a wholly owned subsidiary of the Union Bank of Nigeria Plc ('UBN'), though is now a fully owned subsidiary of Fidelity Bank Plc from 3 August 2023.

The Bank is authorised under the Financial Services and Markets Act 2000 (FSMA 2000), to carry on regulated financial services activities, including deposit-taking and dealing in investments as principal. The business of the Bank includes the provision of retail and commercial banking, treasury and trade finance services.

The Bank has established and maintains the management structure, policies, systems and procedures necessary to enable full compliance with the rules and regulations of the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA').

Directors

The directors of the Bank at the date of this report and those who served during the year ended 31 December 2024, are as follows:

Nneka Onyeali-Ikpe	Non-executive Director
David Forster	Managing Director/Chief Executive (resigned 11 April 2025)
Nigel J Richards	Independent non-executive and Chairman of the Risk Committee resigned 31 March 2024
Emeka Okonkwo	Non-executive Director
Caroline C Bault	Independent non-executive and Chair of the Remuneration and People Committee
Ndidi R Dimanochie	Executive Director appointed on 3 January 2024
Mark V Jarvis	Independent non-executive and Chairman of the Audit and Compliance Committee
Subuola Abraham	Non-executive Director appointed 26 July 2023, resigned 22 January 2024
Mobola Faloye	Independent Non-executive Director and Chair of Risk Committee appointed on 08 July 2024

Going Concern Basis of Preparation

The financial statements are prepared on a going concern basis.

The Board has considered formally whether it is appropriate to prepare the financial statements on a going concern basis and has concluded that the Bank has sufficient liquidity and capital to continue to trade for at least 12 months from the date of signing these accounts.

DIRECTORS' REPORT

CONTINUED

The Board are pleased that, the Bank continues to maintain Liquidity and capital ratios above the minimum regulatory requirements.

Financial Results

The Bank's financial statements are prepared in accordance with UK adopted international accounting standards. The functional currency of the Bank for financial reporting purposes is the US Dollar (US\$), being the currency in which the majority of its assets, liabilities, capital and revenues are denominated.

The financial statements for the year ended 31 December 2024 are shown on pages 23 to 65. The loss for the year after taxation amounted to US\$ 2.15m (2023: US\$ 3.02m loss).

The directors do not propose a dividend for the year ended 31 December 2024 (2023: US\$nil).

Financial Risk Management

The principal risks associated with the business of the Bank are highlighted in the Strategic Report but are credit risk, liquidity risk, market interest rate risk and operational risk.

The Bank has established a comprehensive enterprise risk management framework to manage these risks, guided by the Basel Committee's principles for sound risk management and compliance with Basel III and FCA and PRA prudential regulations, including those in respect of liquidity risk. The Board establishes the risk governance structure and sets the overall risk appetite for both risks to the capital and the liquidity position of the Bank, together with key risk management policies, including limits relating to credit, market and liquidity risks. The framework provides for independent oversight of business units, risk identification, assessment and measurement, as well as stress testing of key risks and various other risk mitigations and monitoring techniques.

Financial and other risks are assessed and documented as part of the Bank's Internal Capital Adequacy Assessment Process ('ICAAP') whereby 'treated risk' after mitigation is considered and internal capital allocated accordingly. The assessment of risks and allocation of capital recognises the Bank's commitment to the Nigerian and African markets. These include political, infrastructure and concentration risks, including dependence on industry sectors such as oil and gas. These risks are significantly mitigated by virtue of the specialised knowledge and experience of the Bank and Fidelity Bank Plc, which permits the taking of informed decisions as to risk assumption and mitigation.

The Bank has a clearly defined risk appetite including policies for the identification of key risks and also has in place Credit Grading and Key Risk Indicator tools.

The Bank also prepares an Internal Liquidity Adequacy Assessment ('ILAA'). The framework is designed to assess whether the Bank is able to survive liquidity stresses of varying magnitude and duration, including the provision to build up a liquidity asset buffer ('LAB') of UK Government or similar quality securities to be used in a liquidity stress event. In addition to this, the Bank maintains, at all times, positive liquidity ratios which are measured and monitored on a daily basis. Further information concerning the Bank's policies for managing risks associated with financial assets and liabilities is set out in note 30 to the financial statements.

Operational risk (operational risk being the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events) is monitored via Risk Incident Reporting from which Key Risk Indicators are generated which are aligned with the Bank's appetite statement and further supplemented by a Key Control Self-Assessment process.

The Bank has also completed a Recovery plan. The process includes identifying events and triggers thereto which would force the Bank to need to recover from an actual or imminent failure of all or part of its business and agreeing, in consultation with the twin regulatory authorities, the critical economic functions undertaken by the Bank for which a Resolution Pack will be put in place to be used by those authorities or their appointed agents.

DIRECTORS' REPORT

CONTINUED

Developments in Financial Regulation

The Bank continues to monitor developments in relation to Basel III. In addition to traditional capital requirements, banks are required to build up Capital Requirements Directive IV ('CRDIV') buffers, Capital Conservation and Counter Cyclical Buffer ('CCyB').

The Bank of England's Financial Policy Committee ('FPC') raised the CCyB rate for UK exposures to 2.0% from 1% on 5 July 2023. This was still maintained at the end of 2024. As of March 2024, the Bank of England will no longer publish the rate, but reference should be made to Bank of International Settlement for applicable rate.

On 30 November 2022, the PRA published a Consultation Paper (CP16/22) proposing the implementation of the Proposed Rules reflecting the Basel 3.1 Standards. The primary objective of the Proposed Rules is to improve the reliability of capital ratios by making standardised approaches more risk-sensitive and addressing the limitations of Internal Models. The Proposed Rules are expected to improve both the measurement of risk and comparability across firms. The original implementation date was 1 January 2025, but it has been delayed to 1 January 2027.

The Bank has conducted a thorough review of its portfolio to understand the impact of Basel 3.1 on its Total Risk Exposure Amount (TREA). The increased capital requirements would be adequately covered by the Bank's Capital resources.

Future Developments

The Bank remains committed to serving its current customers and target market whilst part of the wider Fidelity Bank Plc group.

Corporate Culture & Values

FBUK has adopted the corporate values of Fidelity Bank Plc Nigeria. These corporate values are Customer First, Respect, Excellence, Shared Ambition, Tenacity ("CREST") and are the foundations of our dealings with our customers and other members of staff.

These values will be regularly reviewed by the Board and staff to ensure that we have a working culture that sustains our position as a highly respected provider of quality banking services. The Bank promotes compliance with the "spirit" as well as the "rule" of regulation, and that all risks should be fully identified, assessed and understood before they are incurred. The Bank operates a "Three Lines of Defence" business model, to promote effective and controlled risk taking.

Information Management

The Bank seeks to ensure that expenditure on IT and Communications remains appropriate to meet all regulatory and business needs.

The Bank recognises the importance of safeguarding client data and has developed policies and physical and logical access controls which, coupled with staff awareness training, are designed to protect against data loss.

Employee Matters

The Bank recognises that its performance is dependent on the quality of its work force and the investment it makes in training and development. It is the Bank's policy that its staff should have the opportunity to develop to their full potential, promote its business in a manner consistent with the highest standards and recognise its environmental and other responsibilities as a corporate citizen. Staff competencies, training and development are planned consistently with corporate objectives, including the management of risk, and staff are appraised and rewarded accordingly.

DIRECTORS' REPORT

CONTINUED

Business relationships

FBUK continues to build on its strengths in international markets and maintain and leverage relationships with the Bank's, and Fidelity Bank Plc's, existing partners to improve product and service delivery.

Property and Equipment, Intangible Assets

Changes in property and equipment and intangible assets are set out in notes 21 and 22 to the financial statements.

Climate and energy considerations

Over the financial year to 31st December 2024 the Bank used 313 MWh of energy (2023: 210 MWh). This represents the aggregate of (a) the annual quantity of energy consumed from activities for which the Bank is responsible; and (b) the annual quantity of energy consumed resulting from the purchase of electricity by the company for its own use.

With the help of the Bank's landlord all the energy purchased and consumed by the Bank during the year was provided by the Dark Green energy provider- Ecotricity. Ecotricity are Britain's greenest energy company. All of their electricity is certified green, 100% renewable and also certified vegan. Their gas is a mix of carbon-neutralised natural gas and sustainable green gas. The company have no shareholders, so, instead of paying dividends they invest all bill revenues in building new forms of green energy.

FBUK have contracted to use Normative for our emissions impact calculation. Normative deliver actionable sustainability intelligence to reduce companies' emissions and calculate 100% of our climate footprint — scope 1, 2 and 3 emissions, following the Greenhouse Gas Protocol (GHGP). For the year ended 2024 the Bank's emissions are:

Scope 1	0 tCO _{2e}	(2023: 0)
Scope 2	62.22 tCO _{2e}	(2023: 48.02)
Scope 3	417.03 tCO _{2e}	(2023: 327.76)

Electricity numbers were recalculated for 2023 as last year's Ecotricity MAPP Landlord service charge was incorrect. It was incorrectly reported as 6,245 rather than 111,486. This has now been corrected and resulted in an increase of 23.18 tCO_{2e} for Scope 2 and an increase of 6.18 tCO_{2e} for Scope 3 for 2023.

Directors' Representation

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditor is unaware; and each of the directors 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.

Auditors

As a UK public interest entity, the Bank is required to tender our external audit every 10 years and rotate every 20 years. Following a rigorous tender process in 2023, The Board approved BDO's reappointment for the year ended 31 December 2024.

By order of the Board on 25 April 2025

NDIDI DIMANOCHIE

Ndidi Dimanochie
Executive Director
1 King's Arms Yard
London, EC2R 7AF

DIRECTORS' RESPONSIBILITIES AND CORPORATE GOVERNANCE

Statement of Directors' Responsibilities in respect of the Strategic Report and Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. The Banks's financial statements are prepared in accordance with UK adopted international accounting standards.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Directors' Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

The Board of Directors of the Bank comprises two executive directors, two non-executive directors appointed by the shareholders, one of whom is the chairman of the Board, and three independent non-executive directors,.

The Board meets at least quarterly and has defined responsibilities for the overall direction, supervision and control of the Bank, including assessment of the Bank's competitive position, approval of strategic and financial plans and review of performance and financial status. It reviews and approves significant changes in the Bank's structure and organisation and establishes the risk framework, overall risk appetite and key policies in relation to credit, large exposures, impairment, liquidity and operational risk. The Board also approves and monitors the Bank's policies, procedures and processes in connection with the fight against financial crime.

The Board has three standing committees: the Board Risk Committee ('BRC'), the Board Remuneration & People Committee ('BRPC') and the Board Audit & Compliance Committee ('BACC'). These standing committees are chaired by independent directors and have written terms of reference and, with the exception of the BACC, defined limits of authority. The BRC meets as often as required but at least quarterly, the BACC and the BRPC meets quarterly.

The primary function of the BRC is to consider credit proposals in excess of the limits of authority of the executive Assets & Liabilities and Credit Committees of the Bank, and to monitor compliance with the Bank's credit, large exposure, impairment, liquidity and market risk policies.

DIRECTORS' RESPONSIBILITIES AND CORPORATE GOVERNANCE

CONTINUED

Corporate Governance (continued)

The BACC (Board Audit and Compliance Committee) comprises of all independent non- executive directors and one non-executive director and is chaired by a financially experienced individual. The MD/CEO, the Chief Financial Officer, the CRO, the Head of Compliance, a representative of the outsourced Internal Auditors and a representative of the external auditors shall attend meetings only at the invitation of the Committee. The primary functions of the BACC are to assist the Board in fulfilling its oversight responsibilities by monitoring and assessing the integrity of financial statements, the qualifications, independence and performance of external auditors, compliance with legal and regulatory requirements and the adequacy of systems of internal accounting and financial controls. Its assessment of the internal control environment is made by reviewing and approving the plans of Internal Audit and considering and questioning management on operational audit reports.

The BACC also approves the appointment of, and fees paid to, the external auditors for all audit and non-audit work. It is also responsible for the appointment of the outsourced Internal Auditor.

The BRPC (Board Remuneration & People Committee) has responsibility for considering matters related to human resource policy, including compensation arrangements. In particular, it reviews and recommends to the Board both overall compensation pools and the remuneration of executive directors and certain other members of senior management. It has responsibility also for certain matters relating to the working environment of staff and insurance arrangements.

By order of the Board on 25 April 2025.

NDIDI DIMANOCHIE

Ndidi Dimanochie
Executive Director
1 King's Arms Yard
London, EC2R 7AF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIDBANK UK LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of FidBank UK Limited ("the Company") for the year ended 31 December 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors in August 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 11 years, covering the years ended 31 December 2014 to 31 December 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

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 Director's assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We have obtained the forecasts prepared by the Directors and tested the arithmetic accuracy of these. We obtained an understanding of the underlying assumptions used to calculate these forecasts, such as the forecasted annual profits and forecasted credit losses;
- We performed a retrospective review of prior year forecasts by comparing to current year actuals, to assess the historical accuracy of the forecasts;
- We reviewed correspondence with the Regulators and minutes of Board meetings, in order to ascertain whether there were other matters that may impact the Company's ability to continue as a going concern;
- We reviewed post year end information including management accounts and minutes of Board meetings up until the date of signing the financial statements in order to ascertain whether there were other matters that may impact the Company's ability to continue as a going concern; and
- We reviewed the adequacy and appropriateness of disclosures in the financial statements, regarding the going concern assessment.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

Overview

Key audit matters		
	Expected Credit Loss Provision	2024 2023
		☒ ☒
Materiality	Financial statements as a whole	
	\$747k (2023: \$430k) based on 1.35% (2023: 0.75%) of Net Assets (2023: Net Assets).	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company'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.

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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How the scope of our audit addressed the key audit matter
Expected Credit Loss (ECL) Provision The Company's accounting policies related to ECL provision is detailed on Note 3(g) with detail about judgements in applying accounting policies and critical accounting estimates on note 2(e). The Company holds \$780k of ECL provisions at year-end (2023: \$140k). Refer to Note 20 for ECL provision. The principal activity of the Company is the provision of trade and credit services (letters of credit and secured loans) to banks, corporate and individual customers. Commensurate with the activities of the Company, the total ECL provision is material. The model is subject to management judgement and estimation uncertainty through calculating the scenario weightings, a probability of default, macroeconomic scenarios and loss given default, taking into account any collateral held. We considered there was a significant risk in relation to ECL, specifically the Commercial loans and advances and Loans and Advances to Banks portfolios, due to the following: Forward-looking information - IFRS 9 requires the bank to measure the ECL on an unbiased forward-looking basis, incorporating future macro-economic variables reflecting a range of future conditions. The incorporation of such forward-looking macroeconomic inputs and weighting of the scenarios is considered a significant risk given significant management judgement involved. Other areas of judgement but not forming part of the significant risk include: - The methodologies associated with the calculation of the probability of default ('PD'); and - Loss given default ('LGD') for secured and unsecured loan assets. For these reasons we considered the ECL provisioning to be a key audit matter.	We involved our economic experts to review and challenged the scenario weightings and Forward-Looking Information for Commercial loans and advances and Loans and Advances to Banks. We performed an assessment of the adequacy and accuracy of the ECL methodology by reference to internal and external information to establish if provisioning is in accordance with the requirements of IFRS 9. Key data elements used in the ECL Model were tested and agreed to source documents. We have tested a sample of collateral held across all portfolios, including obtaining and evaluating the valuation report and potential recoverability of said collateral. We have tested the loan onboarding control implemented by the bank as well as Information Technology General Controls (ITGC's) over the core banking system and general ledger. Our data analytics team conducted a Model Review for the purpose of identifying and explaining the model components, mapping and explaining the flow of data from data sources to the ECL model, identifying and documenting key data elements, reperforming the ECL calculation and validating that there were no errors within the model. We evaluated the appropriateness of the disclosures in respect of significant judgements and estimation uncertainty in line with IFRS 9 and IFRS 7 disclosure requirements. We performed a stand back of the audit procedures performed over the ECL to ensure they were adequate. Key observations: Based on our audit work performed, we consider the estimates made by management in the calculation of the ECL provision to be reasonable, and in line with the requirements of IFRS 9.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

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

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

	Company financial statements	
	2024 \$'000	2023 \$'000
Materiality	747	430
Basis for determining materiality	1.35% (2023: 0.75%) Net Assets	
Rationale for the benchmark applied	Net assets were considered to be the most appropriate benchmark as the focus of stakeholders is primarily on the statement of financial position. The benchmark for materiality has been increased from 0.75% to 1.35%. This has been driven by the risk assessment which has indicated a higher percentage can be used as our perceived risk of material misstatement is lower now that the sale of the company is completed with the new owner involved in the business.	
Performance materiality	560	323
Rationale for the percentage applied for performance materiality	75% of materiality, determined on the basis of our risk assessment together with our assessment of the overall control environment.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of \$37k (2023: \$21k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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.

Other Companies Act 2006 reporting

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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given on page 66 for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities and Corporate Governance, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs

INDEPENDENT AUDITOR'S REPORT CONTINUED

(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the FidBank UK Limited and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the FidBank UK Limited policies and procedures regarding compliance with laws and regulations;

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be compliance with Companies Act 2006 and UK adopted international accounting standards. We also considered the company's compliance with the licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and relevant tax legislation. We have engaged our tax specialists in this regard.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- enquiring of management regarding their controls and processes in place to ensure compliance with respective laws and regulations;
- enquiring of management and those charged with governance regarding any known or suspected non-compliance with laws and regulations and instances of fraud.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team and our forensic specialists as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the potential for fraud to arise due to improper revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Substantive procedures over revenue recognition.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Signed by:

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Timothy Lawrence (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
25 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December 2024 US\$'000	Year ended 31 December 2023 US\$'000
	Note		
Interest income	5	14,679	8,637
Interest expense	6	(4,847)	(1,413)
Net interest income		9,832	7,224
Fees and commission income	7	2,028	1,315
Dealing and exchange gains	8	275	261
Total income		12,135	8,800
Administrative expenses	10	(12,750)	(11,165)
Depreciation and amortisation	21/22/33	(537)	(572)
Impairment (charge)/reversal	20	(640)	133
Other operating expense	9	(359)	(219)
Loss before tax		(2,151)	(3,023)
Tax charge	14	-	-
Loss for the year after tax		(2,151)	(3,023)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Unrealised, net change in fair value of financial assets measured at FVOCI		25	1
Other comprehensive income for the year		25	1
Total comprehensive loss for the year		(2,126)	(3,022)

The result is derived entirely from continuing activities.

The notes on pages 27 to 65 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024 US\$'000	2023 US\$'000 Restated
	Note		
Assets			
Cash and cash equivalents	16	99,914	115,901
Loans and advances to banks	18	65,801	19,243
Loans and advances to customers	19	55,165	8,590
Financial assets measured at FVOCI	17	47,544	42,025
Property and equipment	21	59	56
Intangible assets	22	366	463
Right-of-use-assets	33	1,300	1,673
Other assets	23	1,226	939
Prepayments		945	719
Total Assets		272,320	189,609
Liabilities			
Deposits by banks	24	106,195	78,638
Customer accounts	25	107,700	50,613
Lease liabilities	33	1,605	2,001
Other liabilities	26	988	717
Accruals and deferred income	27	461	143
Total Liabilities		216,949	132,112
Equity			
Called up share capital	28	85,090	85,090
FVOCI reserve		21	(3)
Retained losses		(29,740)	(27,590)
Equity		55,371	57,497
Total Liabilities and Equity		272,320	189,609

Loans and advances to banks and Cash and cash equivalents have been restated for 2023. The restatement is in relation to short-term bank placements of \$108m which was previously reported as loans to banks. This has now been reclassified as cash and cash equivalents.

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2025.
Signed on behalf of the Board of directors:

NDIDI DIMANOCHIE

Ndidi Dimanochie
Executive Director

The notes on pages 27 to 65 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share Capital US\$'000	FVOCI Reserves US\$'000	Retained Losses US\$'000	Total Equity US\$'000
Balance as at 1 January 2023	60,090	(4)	(24,567)	35,519
Share Capital Issued	25,000			25,000
Total comprehensive loss for the year				
Change in fair value of assets measured at FVOCI	-	1	-	1
Loss for the year	-	-	(3,023)	(3,023)
Balance attributable to equity shareholders as at 31 December 2023	85,090	(3)	(27,590)	57,497
Total comprehensive loss for the year				
Share Capital issued	-			-
Loss for the year			(2,151)	(2,151)
Change in financial assets measured at FVOCI	-	25		25
Balance attributable to equity shareholders as at 31 December 2024	85,090	22	(29,741)	55,371

The notes on pages 27 to 65 form part of these financial statements

STATEMENT OF CASH FLOWS

	Note	2024 US\$'000	2023 US\$'000 Restated
Loss before tax		(2,151)	(3,023)
<i>Adjustments for:</i>			
Depreciation and amortisation		156	193
Amortisation of rights of use assets	33	381	379
Adjustment to right of use asset -Rent Increase		(8)	
Amortisation of discounts received/premiums paid		(2,080)	(1,648)
Loss on disposal of tangible/intangible assets		-	1
Net exchange differences		150	(237)
Interest on finance lease liability		192	90
Impairment of loans and advances		445	(133)
		(2,915)	(4,378)
Change in loans and advances to banks		(46,794)	8,245
Change in loans and advances to customers		(46,779)	(5,052)
Change in other assets		(287)	(89)
Change in prepayments		(227)	(92)
Change in deposits by banks		27,557	58,695
Change in customer accounts		57,086	12,335
Change in other liabilities		271	64
Change in accruals and deferred income		318	(32)
Cash used from operations		(11,770)	69,696
Acquisition of financial assets		(72,386)	(78,039)
Disposal of financial assets		68,941	55,925
Net cash used from operating activities		(15,215)	47,582
Acquisition of tangible and intangible assets		(61)	(163)
Net cash flow used in investing activities		(61)	(163)
Increase in share capital		-	25,000
Leasehold property repayments		(564)	(274)
Net cash generated (used in)/from financing activities		(564)	24,726
Net (decrease)/increase in cash and equivalents		(15,840)	72,145
Cash and cash equivalents (including bank placements) at 1 January 2023		115,901	43,539
Exchange difference in respect of cash and cash equivalents		(147)	217
Cash and cash equivalents (including bank placements) at 31 December 2024	16	99,914	115,901

Loans and advances to banks and Cash and cash equivalents have been restated for 2023. The restatement is in relation to short-term bank placements of \$108m which was previously reported as loans to banks. This has now been reclassified as cash and cash equivalents.

Acquisition and Disposal of financial Assets have been restated for 2023 to exclude exchange differences which are now reported in Net exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

FidBank UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is given on page 6.

Information concerning the principal activities and operations of the Bank is set out in the Directors' Report and in the notes to the financial statements.

2. Basis of presentation

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with UK adopted international accounting standards.

(b) Going concern basis of preparation

The financial statements are prepared on a going concern basis.

The Board has considered formally whether it is appropriate to prepare the financial statements on a going concern basis and has concluded that the Bank has sufficient liquidity and capital to continue to trade for at least 12 months from the date of signing these accounts.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments as required under IFRSs.

(d) Functional and presentation currency

The directors are of the opinion that the functional currency of the Bank is the US Dollar (US\$), being the currency in which the majority of the assets, liabilities and revenues are denominated. Therefore, these financial statements are expressed in US\$ and all financial information is presented in US\$, rounded to the nearest thousand.

(e) Use of estimates and judgements

The Bank makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Expected Credit Loss provisioning

The Bank uses IFRS 9 Financial Instruments ('IFRS 9') guidance on the 'classification and measurement' of financial instruments, including the expected loss model for calculating 'impairment' on financial assets.

The key components of IFRS 9 which are applicable to the Bank and its financial instruments are: 'classification and measurement' and 'impairment'.

The Bank's interpretation of these requirements is detailed below in addition to how they have been implemented and continue to be monitored.

Classification and measurement

Classification of financial assets depends on how they are managed and their contractual cash flow characteristics. IFRS 9 requires that financial assets are categorised into three broad business models: 'hold to collect', 'hold to collect and sell' and 'hold to sell'. The objective of the 'hold to collect' ('HTC') business model is to hold financial assets and collect their contractual cash flows, rather than with a view to selling the assets to generate cash flows. However, there is no requirement that financial assets are always held until their maturity. Financial assets that meet a 'Solely Payments of Principal and Interest' ('SPPI') test and are held in a HTC business model will be classified at amortised cost. Under the 'hold to collect and sell' business model, the objective is to both collect the contractual cash flows and sell the financial asset. In contrast to the 'hold to collect' business model, sales are integral rather than incidental, and consequently this business model typically involves a greater frequency and volume of sales.

Under the 'hold to sell' category, the objective is to sell the financial asset, and consequently this involves a greater frequency and volume of sales. A financial asset shall be categorised under 'hold to sell' category, except it is neither categorised as 'hold to collect' ('HTC') nor 'hold to collect and sell'.

Financial assets designated in the 'hold to sell' category are recorded at their fair value with changes immediately recognised in the profit or loss statement. At the year end, the Bank did not hold any assets in the 'hold to sell' category, therefore the 'Held to Sell' model does not apply to the Bank.

Only financial assets that meet the SPPI test and are held in a 'hold to collect and sell' business model can be classified at fair value through other comprehensive income ('FVOCI').

Financial assets designated in the 'hold to collect and sell' model are initially recorded at cost and subsequently remeasured at fair value with changes recognised in other comprehensive income ('OCI') until the assets are sold. Upon disposal the cumulative gains or losses in OCI will be recognised in the income statement. At the year end, the Bank only had debt securities in this classification as detailed in note 17.

Financial assets designated in the 'hold to collect' are subsequently measured at amortised cost.

Impairment

Under IFRS 9 loan loss provisions are calculated on an expected credit loss ('ECL') basis. The ECL model incorporates a forward-looking view so when a financial asset is initially recognised, an impairment loss allowance is calculated for the expected losses from defaults over the following 12 months. If the Bank then determines that there has been a significant increase in the credit risk of an asset, this impairment loss is increased to cover the expected losses over the whole life of the asset. In addition to impairment losses being required against financial assets, ECLs are also required against the value of certain off-balance sheet commitments where contracts have been entered into on behalf of customers, but an asset has yet to be recognised on the Statement of Financial Position.

The Bank considers that one or more of the following factors contributes to a significant increase in credit risk:

- Financial difficulty
- A breach of contract, such as a default or past due event
- Concessions granted
- Bankruptcy or another financial reorganisation
- Disappearance of active market

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Based in a market with significant increase in macroeconomic issues
- A fall in credit rating, whether externally or internally assessed

e) Use of estimates and judgement (continued)

Impairment (continued)

The computation of credit losses under IFRS 9 involves estimation of probabilities of default ('PD'), loss given default ('LGD'), a range of unbiased future economic scenarios, estimation of exposure at default and assessing where there have been instances of increases in credit risk.

Default

The Bank considers a default to have occurred when either or both of the following two events have taken place:

- i) The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held)
- ii) The counterparty is past due more than 90 days on any material credit obligation to the Bank

The Bank currently estimates the 12-month and lifetime PD, LGD and exposure at default ('EAD') for each loan to estimate the ECL for its portfolio. This modelling approach forecasts PDs for the remaining contractual maturity by taking into consideration how borrower-specific and macroeconomic conditions influence their estimation. Estimates are also generated for LGDs and EADs based on the nature of the collateral held and the credit exposures as well as incorporating credit risk mitigation activities that the Bank undertakes in its management of credit risk. The Bank has performed an assessment of the key drivers of risk in its credit exposures and is modelling multiple-economic scenarios for these.

The Bank sources external data projections to use as inputs into these computations. Most significantly, these include global and emerging markets GDP forecasts and UK Consumer Price Index forecasts (only used in calculating the ECL for mortgages, the Bank's portfolio of which is wholly UK based).

The Bank uses IMF projections for GDP as the Bank expects that the IMF's global remit and expertise meant that their emerging market, and in particular, African, projections should hold more weight than agencies that might focus more on the developed world.

To ensure an unbiased calculation, the Bank considers a range of forward-looking economic scenarios when calculating the ECL:

Base – as per the calculation, based on externally sourced data inputs as described above

Better – all PDs within the base case divided by a factor of 1.5

Worse – all PDs within the base case multiplied by a factor of 1.5

A percentage is applied to each case in order to generate an unbiased ECL. During 2024, the Bank kept constant the weightings applied to each case:

	2024	2023
Better	20%	20%
Base	50%	50%
Worse	30%	30%

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Bank has used the general approach that categorises each loan into a '3 Stage' impairment model.

- For credit exposures where there have not been significant increases in credit risk since initial recognition, a 12-month ECL is provided for (Stage 1).
- For credit exposures where there have been significant increases in credit risk, lifetime ECLs are provided for (Stages 2). The Bank assesses significant increases in credit risk using relative quantitative, qualitative and DPD measures that are commensurate with the nature of the credit exposures at their inception and on an on-going basis.
- Any exposure that meets the above definition of Default are placed into Stage 3. This objective evidence of impairment will result in a provision of EAD multiplied by LGD as the lifetime ECL.

e) Use of estimates and judgement (continued)

Impairment (continued)

As an appropriate backstop measure, under-performing that are 30 days past due will be moved to Stage 2 ('under-performing'). Once exposures become 90 days past due, this backstop will be used in conjunction with other qualitative criteria to determine that they are non-performing and placed into Stage 3 ('non-performing'). This objective evidence of impairment will result in a provision of EAD multiplied by LGD as the lifetime ECL.

In some circumstances, as part of the Bank's recovery process for non-performing assets, the Bank will agree to exercise "forbearance", agreeing to accept later payment of principal and interest ("re-scheduling"), or to fully restructure a loan obligation. In these circumstances, particularly where repayments are heavily postponed or "back ended", loans that were under-performing (IFRS 9 Stage 2) or non-performing (IFRS 9 Stage3) might be considered, following re-structure, to be performing again.

It is the policy of FBUK, in accordance with the principles of IFRS 9 that where forbearance is exercised, there should be at least a 12 month "cure period" before any impairment allowance, generated by the previous default or arrears, is removed. During this period the customer needs to demonstrate that all new repayments are being met in full.

Loans and Advances are written off after they are classified as 'lost', that is, the asset is irrecoverable, or it is no longer considered economically viable to try and recover it or it is deemed immaterial, or full and final settlement is reached, including loan collateral that has been realised, and a shortfall remains. In the event of write off, the loan balance is removed from the statement of financial position and the impairment allowance held against this loan is released.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Use of estimates and judgement (continued)

	Performing US\$'000 (Stage 1)	Under- performing US\$'000 (Stage 2)	Non- Performing US\$'000 (Stage 3)	Total US\$'000
Opening loss allowance at 1 January 2024 (under IFRS 9)	119	21	-	140
<i>Financial assets transferred:</i>				
From Stage 1 to Stage 2	-	-	-	-
From Stage 2 to Stage 3	-	-	-	-
From Stage 1 to Stage 3	(8)	-	8	-
From Stage 3 to Stage 2	-	-	-	-
From Stage 2 to Stage 1	1	(1)	-	-
Loans repaid/written off	(116)	(20)	-	(136)
Decrease in ECL losses	11	-	-	11
New financial assets originated	435	287	43	765
Closing loss allowance at 31 December 2024	442	287	51	780
<i>Comprised of:</i>				
Loans and cash deposits with banks	72	286	-	358
Loans and advances to customers	183	1	51	234
Financial assets measured at FVOCI	5	-	-	5
Off balance sheet	182	-	-	182
Total by stage and asset class	442	287	51	780

The increase in the loss allowance for 2024 is a result of an increase in the gross amount of loans and deposits with banks of US\$30.82M, an increase in loans and advances to customers of US\$46.78M and an increase in off balance sheet exposures of US\$18.40M as reflected in the tables on pages 33 and 34.

It is noted that the short-term nature of the Bank's loan book (with the exception of buy-to-let mortgages which are highly collateralised and therefore have minimal ECL) means that the loss allowance at the start of the year is almost wholly reduced during the year by loans that have been repaid

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Use of estimates and judgement (continued)

	Performing US\$'000 (Stage 1)	Under- performing US\$'000 (Stage 2)	Non- Performing US\$'000 (Stage 3)	Total US\$'000
Opening loss allowance at 1 January 2023 (under IFRS 9)	263	10	-	273
<i>Financial assets transferred:</i>				
From Stage 1 to Stage 2	-	-	-	-
From Stage 2 to Stage 3	-	-	-	-
From Stage 1 to Stage 3	-	-	-	-
From Stage 3 to Stage 2	-	-	-	-
Loans repaid/written off	(237)	(9)	-	(246)
Decrease in ECL losses	(13)	1	-	(12)
New financial assets originated	106	19	-	125
Closing loss allowance at 31 December 2023	119	21	-	140
<i>Comprised of:</i>				
Loans and cash deposits with banks	38	8	-	46
Loans and advances to customers	28	1	-	29
Financial assets measured at FVOCI	1	-	-	1
Trade related contingencies	52	12	-	64
Total by stage and asset class	119	21	-	140

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Use of estimates and judgement (continued)

	Performing	Under-performing	Non-Performing	Total
	US\$'000 (Stage 1)	US\$'000 (Stage 2)	US\$'000 (Stage 3)	US\$'000
Opening Gross Exposures at 1 January 2024 (under IFRS 9)	184,600	13,140	-	197,740
<i>Financial assets transferred:</i>				
From Stage 1 to Stage 2	-	-	-	-
From Stage 2 to Stage 3	-	-	-	-
From Stage 1 to Stage 3	194	-	194	-
From Stage 3 to Stage 2	-	-	-	-
From Stage 2 to Stage 1	294	294	-	-
Loans repaid/written off	175,038	12,818	-	187,856
Increase / (decrease) in ECL	1,062	16	38	1,008
New financial assets originated	277,074	10,789	508	288,371
Closing Gross Exposures at 31 December 2024	287,798	10,801	664	299,263
<i>Comprised of:</i>				
Loans and cash deposits with banks	155,996	10,077	-	166,073
Loans and advances to customers	54,012	724	664	55,400
Financial assets measured at FVOCI	47,549	-	-	47,549
Off Balance sheet	30,241	-	-	30,241
Total by stage and asset class	287,798	10,801	664	299,263

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Use of estimates and judgement (continued)

	Performing	Under-performing	Non-Performing	Total
	US\$'000 (Stage 1)	US\$'000 (Stage 2)	US\$'000 (Stage 3)	US\$'000
Opening Gross Exposures at 1 January 2023 (under IFRS 9)	95,082	9,955	-	105,037
<i>Financial assets transferred:</i>				-
From Stage 1 to Stage 2	-	-	-	-
From Stage 2 to Stage 3	-	-	-	-
From Stage 1 to Stage 3	-	-	-	-
From Stage 3 to Stage 2	-	-	-	-
From Stage 2 to Stage 1	-	-	-	-
Loans repaid/written off	85,825	9,323	-	95,148
Increase / (decrease) in ECL	169	208	-	39
New financial assets originated	175,174	12,716	-	187,890
Closing Gross Exposures at 31 December 2023	184,600	13,140	-	197,740
<i>Comprised of:</i>				
Loans and cash deposits with banks	125,599	9,654	-	135,253
Loans and advances to customers	8,344	276	-	8,620
Financial assets measured at FVOCI	42,026	-	-	42,026
Off Balance sheet	8,631	3,210	-	11,841
Total by stage and asset class	184,600	13,140	-	197,740

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Use of estimates and judgement (continued)

At 31 December 2024, impairment allowance totalled US\$0.780m (2023: US\$0.140m). The net impairment movement (i.e. after recoveries) for loans and advances to customers recognised in 2024 was US\$0.640m (2023: US\$(0.113m)).

The gross carrying amount of financial instruments, and thus the maximum exposure to loss is as follows:

	Financial Assets 2024 US\$'000	Financial Assets 2023 US\$'000
Performing (stage 1)	257,557	175,969
Under-performing (stage 2)	10,801	9,930
Non-performing (stage 3)	664	-
Total gross financial assets	269,022	185,899
Less: Loan loss allowance	(598)	(76)
Less: Off Balance Sheet allowance	(182)	(64)
Financial assets net of ECL	268,242	185,757

Sensitivity

As described above, the Bank considers a range of forward-looking economic scenarios when calculating the ECL:

Base – as per the calculation, based on externally sourced data inputs as described above

Better – all PDs within the base case divided by a factor of 1.5

Worse – all PDs within the base case multiplied by a factor of 1.5

In order to assess the sensitivity of the ECL to these scenarios, the Bank calculated ECL for three extra scenarios: “100% Base”, “100% Better” and “100% Worse”. It can be seen that the effect on the ECL is not significant, due to the short tenors of the Bank’s loan book and collateral held against gross positions.

	2024 scenario	Base	Better	Worse
Better	20%	-	100%	-
Base	50%	100%	-	-
Worse	30%	-	-	100%
ECL (\$000)	780	724	537	1,126

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Summary of significant accounting policies

(a) Interest income and expense

Interest income on financial assets that are classified at amortised cost or fair value through other comprehensive income and interest expense on financial liabilities are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the gross balance on stage 1 and stage 2 assets.

The calculation of the effective interest rate includes all fees, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest on impaired financial assets is calculated by applying the original effective interest rate of the financial asset to the carrying amount as reduced by any allowance for impairment.

Interest income and expense presented in the profit and loss include interest on financial assets and liabilities held at amortised cost on an effective interest rate basis.

(b) Fees and commission

Fees and commission are accounted for depending on the services to which the income relates as follows:

- Letters of credit fees consist of commissions in relation to letters of credit transactions and associated commitment and cross border fees. These fees are accounted for at the time of the transaction.
- Fund transfer fees are in relation to payment charges to customers. These fees are accounted for at the time of the transaction.
- Customer account charges consists of debit card fees and customer services charges which are accounted for when the associated services are rendered. Also, mortgage and structured finance fees which are spread and accounted for over the period of the loan.
- Other fees are in relation to an externally held rent deposit which is accounted for on the receipt of an external statement from the deposit holder.

(c) Foreign currency

A foreign currency transaction is recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate and resulting gains and losses on translation are included in the profit or loss.

Exchange gains on foreign exchange transactions with customers are recorded as income during the period.

(d) Financial instruments

Recognition

The Bank recognises financial assets and financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Management classifies financial assets and liabilities into the following categories at the time of initial recognition:

- ‘amortised cost’
- ‘fair value through profit or loss’
- ‘fair value through other comprehensive income’

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Summary of significant accounting policies (continued)

Initial measurement

When a financial asset or financial liability is recognised initially, the Bank measures it at its fair value plus (in the case of a financial asset or financial liability not at fair value through the profit or loss) transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Financial assets initially classified at 'Hold to collect' are subsequently measured at amortised cost. Financial assets classified as 'hold to collect and sell' are subsequently measured at fair value through other comprehensive income. Financial liabilities are subsequently measured at amortised cost.

Measurement bases

(i) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, less principal repayments to date, plus or minus the cumulative amortisation using the effective interest rate method, of any difference between the initial amount recognised and the maturity amount.

(ii) Fair value measurement

The determination of fair values of financial assets and financial liabilities quoted in an active market is based on observed bid and offer prices for assets and liabilities respectively. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include comparison to similar instruments for which market observable prices exist, discounting future cash flows, option pricing and other valuation models and methods widely used by market participants. As the Bank does not presently use more complex financial instruments, all the inputs to these valuation models and techniques are market-observable.

(e) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise of financial assets (debt) which are classified on initial recognition as being held to collect for contractual inflows and for sale. Gains and losses arising from changes in fair value are recognised as they occur in other comprehensive income.

(f) Equity and other financial liabilities

The Bank classifies financial instruments that it issues as an equity instrument or financial liability in accordance with the substance of the contractual terms of the instrument. An instrument is classified as equity if it evidences a residual interest in the assets of the Bank after deduction of liabilities. An instrument is classified as a liability if it represents a contractual obligation to deliver cash, or another financial asset or to exchange financial assets or financial liabilities on potentially unfavourable terms.

Other financial liabilities, not classified as fair value through profit and loss, are initially recognised at fair value, including directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Deposits and customer accounts are classified as liabilities. Customer accounts with no activity for two years are moved to dormant account status and are then held within other liabilities.

Letters of credit are given as security to guarantee that a customer performs on obligations to third parties. As the Bank will only be required to recognise the exposure of these obligations in the event of the Customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. However, the bank assesses letter of credit according to IFRS9 principles and makes provisions accordingly.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Summary of significant accounting policies (continued)

(g) Impairment of financial assets

The Bank assesses impairment of financial assets on a forward-looking basis; the expected credit losses ('ECL') associated with its financial assets carried at amortised cost, FVOCI and other off-balance sheet commitments are recognised in profit or loss as they occur.

The ECL model incorporates a forward-looking view so when a financial asset is initially recognised, an impairment loss allowance is calculated for the expected losses from defaults over the following 12 months. If the Bank then determines that there has been a significant increase in the credit risk of an asset, this impairment loss is increased to cover the expected losses over the whole life of the asset. In addition to impairment losses being required against financial assets, ECLs are also required against the value of certain off-balance sheet commitments where contracts have been entered in to on behalf of customers, but an asset has yet to be recognised on the Statement of Financial Position.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss. However, where the event causes an increase, the resulting expense is recognised through profit or loss

(h) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	-	Remaining life of lease
Office equipment and furniture	-	5 years
Computer hardware	-	3 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(i) Intangible assets - software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. All costs have been capitalised in accordance with IAS 38.

Amortisation is recognised in profit or loss (within 'Depreciation and amortisation') on a straight-line basis over the estimated useful life of the software, which is assessed annually, from the date that it is available for use. The estimated useful life of software is three to five years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Summary of significant accounting policies (continued)

(j) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, excluding any deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Leases

The Bank recognises interest on its lease liabilities and amortisation on its right-of-use assets.

The Bank has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Payments made under operating leases out of scope from IFRS 16 are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The lease liability has been measured at the present value of the remaining lease payments which represents an estimate of the Bank's rate of borrowing, independently and under comparable conditions. The right-of-use asset is equal to the lease liability less any prepaid lease payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Summary of significant accounting policies (continued)

(l) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except to the extent where underlying items are recognised directly through other comprehensive income or equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Bank intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. 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 future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the reporting date.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are deemed to comprise cash in hand, cash at other banks repayable on demand.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(n) Pension costs

The Bank operates a defined contribution pension scheme and the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as accruals or prepayments in the statement of financial position.

4. Segmental reporting

Segmental analysis of income is across two streams, which are driven by the current exposure structure and portfolio characteristics of the Bank as detailed below. The businesses are carried out from the office in the United Kingdom.

- Treasury activities (Investments in securities measured at FVOCI (fair value through other comprehensive income) and HQLA (High quality liquid assets), Placements and Nostro)
- Loans and advances (Corporates, Financial Institutions and Retail)

5. Interest income

	2024 US\$'000	2023 US\$'000
Interest income on securities measured at FVOCI	2,080	1,648
Interest income on loans and advances to banks	4,700	2,696
Interest income on loans and advances to customers	3,767	708
Interest income on bank placements	4,132	3,585
	14,679	8,637

6. Interest expense

	2024 US\$'000	2023 US\$'000
Interest expense on deposits from banks	(2,888)	(961)
Interest expense on customer accounts	(1,767)	(362)
Interest expense on lease liability	(192)	(90)
	(4,847)	(1,413)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Fees and commission income

	2024 US\$'000	2023 US\$'000
Letters of credit	1,542	1,058
Funds transfer	193	166
Customer account charges	193	76
Others	100	15
	2,028	1,315

Timing of Revenue recognition-2024

	Letters of credit US\$'000	Funds transfer US\$'000	Customer Account US\$'000	Others US\$'000	Total US\$'000
Recognised at point in time	1,512	193	61	100	1,866
Recognised over time	30	-	132	-	162
Total	1,542	193	193	100	2,028

Timing of Revenue recognition-2023

	Letters of credit US\$'000	Funds transfer US\$'000	Customer Account US\$'000	Others US\$'000	Total US\$'000
Recognised at point in time	1,047	166	68	15	1,296
Recognised over time	11	-	8	-	19
Total	1,058	166	76	15	1,315

8. Dealing and exchange gain

Dealing and exchange gains relates to foreign exchange income derived from customer facilitation and the revaluation of assets and liabilities denominated in currencies other than the US Dollar and the gain / (loss) from the sale of securities.

	2024 US\$'000	2023 US\$'000
Foreign exchange gain	275	261
	275	261

9. Other operating expense

	2024 US\$'000	2023 US\$'000
Other operating charges and brokerage	(359)	(219)
	(359)	(219)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Administrative expenses

	2024 US\$'000	2023 US\$'000
Wages and salaries, including directors	(6,256)	(4,815)
Social security costs	(701)	(573)
Pension costs	(654)	(433)
Other staff costs	(551)	(614)
Total staff costs	(8,162)	(6,435)
Computer and equipment costs	(1,289)	(1,760)
Professional fees	(1,217)	(1,033)
Other administrative expenses	(2,082)	(1,937)
	(12,750)	(11,165)

Our staffing increased throughout the year, as the Bank increased activity to prepare for a new phase of growth. Average staffing levels increased from 44 in 2023 to 54 in 2024, with 55 staff in post at 31 December 2024 resulting in staff costs increasing by \$1.8m, from \$6.4m to \$8.2m. Professional fees paid for consultancy also increase from \$1,033k in 2023 to \$1,217k in 2024 as the Bank invested in support and advice to strengthen the infrastructure and control framework of the Bank.

All other administrative expenses are incurred in the ordinary course of the Bank's business.

	2024 No.	2023 No.
Average number of employees, including executive directors:		
Banking	28	19
Operations	23	22
Administration	3	3
	54	44

11. Pension costs

The Bank makes defined contributions to the personal pension funds of employees under Group Personal Pension arrangements. During the year to 31 December 2024, the Bank made contributions totalling US\$ 654,490 (2023: US\$ 432,582).

Contributions accrued at the reporting date amounted to US\$nil (2023: US\$nil). There were no outstanding pre-paid contributions at the reporting date.

12. Directors' emoluments

	2024 US\$'000	2023 US\$'000
Executive director emoluments	(558)	(449)
Non-executive directors' fees	(355)	(221)
	(913)	(670)

The emoluments of the highest paid director, excluding pension contributions, were US\$296,624 (2023: US\$449,439). Pension contributions were made to two directors during the year amounting to US\$53,042 (2023: one director US\$26,880). US\$nil of benefits in kind were paid during the year (2023: US\$nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Loss before tax

	2024 US\$'000	2023 US\$'000
Loss is stated after (crediting):		
Amounts payable to the Auditor and its associates pursuant to legislation in respect of:		
- Statutory Audit of the financial statements	(395)	(375)
- Audit-related assurance services	(135)	(30)
Other services relating to taxation which are not provided by Statutory Auditors	(22)	(10)
Other low value operating lease and similar rentals	<u>(6)</u>	<u>(6)</u>

14. Taxation

Tax on loss on activities in the statement of comprehensive income:

(a) Reconciliation of the total tax charge

	2024 US\$'000	2023 US\$'000
Loss on activities before tax	(2,151)	(3,023)
Tax at 25.00% (2023 23.52%)	(538)	(711)
Effects of:		
Expenses not deductible for tax purposes	(7)	(16)
Fixed asset differences	91	(85)
Remeasurement of deferred tax for change in tax rates	-	38
Deferred tax not recognised	<u>(622)</u>	<u>(648)</u>
Tax charge	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

(b) Analysis of deferred tax assets

The following is an analysis of the deferred tax assets recognised by the Bank:

	2024 US\$'000	2023 US\$'000
Brought forward	-	-
Movements in respect of prior year	-	-
Deferred tax recognised directly to equity	-	-
Short term timing differences	-	-
	0	0

A deferred tax asset of US\$10,814,814 (2023: US\$10,192,976) against losses of US\$42,754,374 (2023: 40,5820,30) and temporary differences of US\$504,881 (2023: US\$189,873) has not been recognised.

(c) Factors that may affect future tax charges

The UK corporation tax rate was 25% for the period to 31 March 2024.

The tax rate of 25% for profits of over £250,000 remains unchanged for the year beginning 1 April 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial assets and liabilities

The table below sets out the Bank's classification of each class of financial asset and liability as at 31st December 2024 and 31st December 2023:

2024

US\$'000	Note	Measured at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Cash and cash equivalents	16	-	99,914	-	99,914
Financial assets measured at FVOCI	17	47,544	-	-	47,544
Loans and advances to banks	18	-	65,801	-	65,801
Loans and advances to customers	19	-	55,165	-	55,165
Other assets	23	-	1,226	-	1,226
Deposits by banks	24	-	-	106,195	106,195
Customer accounts	25	-	-	107,700	107,700
Other liabilities	26/33	-	-	2,593	2,593

2023

US\$'000	Note	Measured at FVOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Cash and cash equivalents	16	-	115,901	-	115,901
Financial assets measured at FVOCI	17	42,025	-	-	42,025
Loans and advances to banks	18	-	19,243	-	19,243
Loans and advances to customers	19	-	8,590	-	8,590
Other assets	23	-	939	-	939
Deposits by banks	24	-	-	78,638	78,638
Customer accounts	25	-	-	50,613	50,613
Other liabilities	26/33	-	-	2,718	2,718

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Cash and cash equivalents

	2024	2023
	US\$'000	Restated US\$'000
Cash and balances with other banks	8,534	7,129
Short term placements with banks	91,394	108,775
	<u>99,928</u>	<u>115,904</u>
Impairment under IFRS 9	(14)	(3)
Net amount	<u>99,914</u>	<u>115,901</u>

17. Financial assets measured at FVOCI

	2024	2023
	US\$'000	US\$'000
Treasury bills	47,549	42,026
Gross amount	<u>47,549</u>	<u>42,026</u>
Impairment under IFRS 9	(5)	(1)
Net amount	<u>47,544</u>	<u>42,025</u>
Maturity		
- 3 months or less	19,476	32,025
- 1 year or less but over 3 months	28,068	10,000
- 5 years or less but over 1 year	-	-
- Over 5 years	-	-
	<u>47,544</u>	<u>42,025</u>

The Bank measures fair values using the fair value hierarchy that reflects the significance of inputs used in making the measurements. The financial assets of the Bank fall within the category of Level 1 where valuation is based upon quoted prices in an active market for the same or identical instrument. Unrealised Profit of US\$25,098 (2023: Unrealised profits of US\$396) have been recognised in other comprehensive income. Financial assets measured at fair value through OCI purchased and sold amounted to US\$72,386,256 (2023: US\$ 78,039,306) and US\$68,941,100 (2023: US\$55,925,400) respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Loans and advances to banks

The following table shows total bank loans

	2024			2023		
	US\$'000			US\$'000		
	Gross amount	Impairment Allowance	Net amount	Gross amount	Impairment Allowance	Net amount
Bank loans	66,145	(344)	65,801	19,350	(107)	19,243
	66,145	(344)	65,801	19,350	(107)	19,243

The fair value of the cash collateral held in respect of the loans and advances to banks at 31 December 2024 is US\$52,668,039 (2023: US\$14,627,390). This collateral can be used in the event of default by the borrower.

The following table shows the remaining maturity of the loans and advances to banks:

	2024			2023		
	US\$'000			US\$'000		
	Gross Amount Performing	Impairment Allowance	Net Amount	Gross Amount	Impairment Allowance	Net amount
Repayable on demand or at short notice	1	-	1	1	-	1
Remaining maturity:						
- 3 months or less excluding above	43,876	(56)	43,820	15,187	(96)	15,091
- 1 year or less but over 3 months	22,268	(288)	21,980	4,162	(11)	4,151
- 5 years or less but over 1 year	-	-	-	-	-	-
	66,145	(344)	65,801	19,350	(107)	19,243

Amounts repayable on demand or at short notice include monies pledged to banks in respect of trade finance transactions of US\$970 (2023: US\$ 970).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Loans and advances to customers

	2024 US\$'000			2023 US\$'000		
	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount
Commercial loans & advances	35,991	(69)	35,922	8,488	(30)	8,458
Personal loans & advances	263	(5)	258	132	-	132
Syndicated loans	19,145	(160)	18,985	-	-	-
	55,399	(234)	55,165	8,620	(30)	8,590

The fair value of the collateral held in respect of the loans and advances to customers is US\$59,082,034 as at 31 December 2024 (2023: US\$12,479,995). This collateral can be used in the event of default by the borrower. Out of the total collateral, US\$1,917,034 is for impaired loans and advances to customers (2023: US\$nil) and US\$1,594,088 (2023: US\$2,316,496) is for loans and advances to customers that are past due, but not impaired.

The following table shows the remaining maturity of the loans and advances to customers:

	2024 US\$'000			2023 US\$'000		
	Gross Amount	Impairment allowance	Net amount	Gross Amount	Impairment allowance	Net amount
Repayable on demand or at short notice	25	(19)	6	44	-	44
Remaining maturity:						
- 3 months or less excluding above	13,828	(5)	13,823	2,382	(14)	2,368
- 1 year or less but over 3 months	9,015	(2)	9,013	1,963	(14)	1,949
- 5 years or less but over 1 year	20,628	(166)	20,462	348	-	348
- Over 5 years	11,903	(42)	11,861	3,883	(2)	3,881
	55,399	(234)	55,165	8,620	(30)	8,590

Of the US\$234,473 impairment provision (2023: US\$29,357), US\$183,403 represents the Stage 1 and stage 2 provisions under IFRS 9. (2023: US\$29,357) and US\$51,070 represents stage 3 provisions (2023: US\$nil.)

20. Net impairment loss for loans and advances to customers & banks

	2024 US\$'000	2023 US\$'000
At beginning of the year	(140)	(273)
(Charge)/Reversal to statement of comprehensive income	(640)	133
Amounts written off against historic provisions	-	-
At the end of the year	(780)	(140)
Loans and advances to banks and cash in hand	(358)	(46)
Loans and advances to customers	(234)	(29)
Investment securities	(5)	(1)
Off balance sheet exposures	(183)	(64)
	(780)	(140)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Net impairment loss for loans and advances to customers & banks (continued)

During the year, the Bank has written off loans and advances to customers amounting to US\$nil. (2023: US\$nil).

The carrying amount of the loans and advances to customers in default at the end of the reporting period is US\$663,734 (2023: US\$nil).

21. Property and equipment

2024

US\$'000	Leasehold Improvements	Office Equipment and Furniture & Computer Hardware	Total
Cost:			
At beginning of the year	303	524	827
Additions	15	15	30
Disposals		(2)	(2)
At end of the year	318	537	855
Depreciation:			
At beginning of the year	(280)	(491)	(771)
Charge for the year	(6)	(21)	(27))
Disposals		2	2
At end of the year	(286)	(510)	(796)
Net book value at 31 December	32	27	59

2023

US\$'000	Leasehold Improvements	Office Equipment and Furniture & Computer Hardware	Total
Cost:			
At beginning of the year	278	511	789
Additions	25	26	51
Disposals		(13)	(13)
At end of the year	303	524	827
Depreciation:			
At beginning of the year	(262)	(483)	(745)
Charge for the year	(18)	(19)	(37)
Disposals	-	11	11
At end of the year	(280)	(491)	(771)
Net book value at 31 December	23	33	56

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Intangible assets

	2024 Software US\$'000	2023 Software US\$'000
Cost:		
At beginning of the year	3,898	3,786
Additions	32	112
Disposals		-
At end of the year	3,930	3,898
Amortisation:		
At beginning of the year	(3,435)	(3,279)
Disposals	-	-
Reclassified	-	-
Charge for the year	(129)	(156)
At end of the year	(3,564)	(3,435)
Net book value at 31 December	366	463

23. Other Assets

	2024 US\$'000	2023 US\$'000
Receivable within twelve months:		
Fees and Commissions	186	76
Other receivables	536	361
Receivable greater than twelve months:		
Rent and other security deposits	504	502
	1,226	939

Other receivables for 2024 includes a Mastercard security of 111K and input VAT of 247K.

24. Deposits by banks

	2024 US\$'000	2023 US\$'000
Repayable on demand	49,617	62,867
Remaining maturity:		
- 3 months or less excluding above	26,166	15,771
- 1 year or less but over 3 months	30,412	-
- 5 years or less but over 1 year	-	-
	106,195	78,638

Deposits by banks include amounts totalling US\$50,248,000 (2023: US\$67,472,000) charged to the Bank to secure actual and contingent liabilities in respect of letters of credit.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Customer accounts

	2024 US\$'000	2023 US\$'000
Repayable on demand	50,111	33,619
Remaining maturity:		
- 3 months or less excluding above	15,788	3,969
- 1 year or less but over 3 months	33,492	11,616
- 5 years or less but over 1 year	8,309	1,409
	107,700	50,613

26. Other liabilities

	2024 US\$'000	2023 US\$'000
Payable within twelve months:		
PAYE and social security	208	188
Account payable	598	529
IFRS9 provision-Trade finance and loan commitments	182	-
	988	717

27. Accruals and deferred income

	2024 US\$'000	2023 US\$'000
Accruals	94	116
Deferred income	367	27
	461	143

28. Called up share capital

	2024 US\$'000	2023 US\$'000
<i>Authorised, Allotted, called up and fully paid</i>		
50,000 deferred shares of £1 each	90	90
85,000,000 ordinary shares of US\$1 each	85,000	85,000
	85,090	85,090

The ordinary shares comprise a single class and each have the same voting rights as well as rights to dividends and distributions. The deferred shares carry no entitlement to vote or receive distributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. Related party transactions

Fidelity Bank Plc purchased the bank on the 27th July 2023. During the period to 31st December 2024, the Bank undertook transactions with Fidelity Bank Plc and its subsidiaries (the Fidelity Group) in the normal course of business. These include loans and deposits and foreign currency transactions and the associated interest income and expenses. Loans and advances to banks are cash secured to a maximum of US\$25.2m (2023: US\$5.4m). Balances and related income and expense included in these financial statements in respect of the transactions with Fidelity Group are as follows:

	2024	2023
	US\$'000	US\$'000
Holding company		
<i>Assets</i>		
Loans and advances to banks	28,658	4,108
<i>Liabilities</i>		
Deposits by banks	35,232	36,830
<i>Income – interest</i>		
From holding company	2,806	124
<i>Expense – interest</i>		
To holding company	745	296

At 31 December 2024 1 loan was made for GBP 25K (2023: none) to executive directors of the Bank, on terms generally available to staff. More information regarding key management compensation is included within note 12.

No transactions have been undertaken with related parties of the board.

30. Financial risk management

(a) Risk management

The Bank holds and issues financial instruments for the purposes of:

- earning interest margins, fees and commission;
- financing its operations; and
- managing the interest rate and currency risks inherent in its operations.

The Bank does not actively trade in financial instruments and, therefore, does not have a trading book. Its operations are financed from a mixture of equity and deposits. Deposits are raised primarily in US Dollars and to a lesser extent Sterling and euros at both fixed and variable rates and lending is similarly distributed. Longer term lending is partly financed by capital but is otherwise generally matched to deposits both in terms of maturity and re-pricing.

The Bank's functional currency is the US Dollar. It does not actively speculate in foreign currencies and the majority of its foreign exchange transactions are carried out in the spot market for customer facilitation purposes. The main risks arising from the Bank's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. Management has developed policies for managing each of these risks, which are reviewed and approved by the Board on an annual basis. Significant features of these policies are summarised below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet a commitment that it has entered into with the Bank and arises mainly from lending and trade finance activities. To mitigate this risk, the Bank has adopted policies that minimise significant unsecured credit exposures other than to financial institutions and to avoid concentrations of unsecured credit risk to counterparty groups, industry sectors and countries, which do not carry investment grade credit ratings. All credit exposures are subject to continuous assessment by the Assets & Liabilities Committee and the Risk & Board Risk Committee. It is the policy of the Bank to make adequate impairment allowances where real or probable problems in asset recovery are identified. Details of impairment allowances are summarised in notes 16 to 20.

(i) Credit exposure by sector

	2024	2023
	US\$'000	US\$'000
Banks	165,715	135,143
Government	47,545	42,025
Corporate	43,454	4,351
Individuals	11,710	4,240
	268,424	185,759

(ii) Credit exposure by location

	2024	2023
	US\$'000	US\$'000
Europe	139,130	105,935
Africa	84,821	19,314
United States	44,473	39,501
India	-	21,009
	268,424	185,759

The above sector and geographical analyses only include cash at bank and in hand, loans and advances to banks and to customers at amortised cost, financial assets valued at fair value through other comprehensive income. The Bank has established procedures to manage country risk. During the year there continued to be periods of significant volatility in the emerging bond markets which are closely monitored and valued daily. The Bank also carries out country credit reviews of emerging markets and thereby assesses any potential creditworthiness issues.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

b (continued)

(iii) Credit exposure by Credit Quality Step

The Bank extends credit facilities to quality rated and unrated counterparties. An analysis of the credit quality of the maximum credit exposure based on ratings provided by Fitch rating agency and where applicable grouped by Credit Quality Steps (CQS) as follows:

CQS	Assets	2024	2023
		US\$'000s	Restated US\$'000s
	Cash and Cash Equivalent		
1	Rated AAA to AA-	140	-
2	Rated to A+ to A-	60,376	41,685
3	Rated BBB+ to BBB	-	21,009
4	Rated BB+ to BB-	39,398	25,420
5	Rated B+ to B-	-	47
6	Unrated	-	27,740
		99,914	115,901
	Loans and Advances to Banks		
1	Rated AAA to AA-	-	-
2	Rated A+ to A-	-	-
3	Rated BBB+ to BBB-	-	-
4	Rated BB+ to BB-	-	-
5	Rated B+ to B-	31,432	17,486
6	CCC+ and below	34,369	1,757
		65,801	19,243
	Loans and Advances to Customers		
	Unrated neither past due nor impaired	54,552	8,590
	Unrated past due but not impaired	613	-
		55,165	8,590
	Financial Assets		
1	Related AAA to AA-	47,544	42,025
5	Related B+ to B-	-	-
		47,544	42,025

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

b (continued)

As at 31 December 2024, the Bank's maximum exposure to credit is US\$320m (2023: US\$198m), of which US\$0.66m (2023: US\$nil) is deemed to be impaired or doubtful. These amounts include all financial assets and undrawn irrevocable loan and trade commitments. The Bank held collateral totalling US\$120m (2023: US\$38m) against credit exposures of US\$269m (2023: US\$186m) of which US\$61.0m (2023: US\$26.0m) was in the form of cash. The remaining collateral was primarily in the form of government guarantees, immovable property and charges over companies' assets. Total trade related exposure included above was US\$83.3m (2023: US\$31.2m) against which the Bank held cash collateral of US\$60.74m (2023: US\$26.0m) included above.

Loans are considered forbore when terms and conditions of a loan are modified due a borrower being unable to meet current terms and conditions due to factors indicating financial difficulty. Examples may include reducing interest rates, delaying payment of principal and amending or not enforcing covenants.

Lending subject to forbearance, net of credit risk mitigation, as at 31 December 2024 is US\$nil (2023: US\$nil).

(c) Liquidity risk

Liquidity risk is the risk that the Bank is not able to meet its commitments to customers and counterparties as they fall due as a result of mismatch in cash flows arising from liabilities and assets. To mitigate this risk, the liquidity structure of assets, liabilities and commitments is managed so that resultant cash flows are appropriately balanced, within approved limits and mismatch parameters set by the PRA, to ensure that all obligations can be met when due. Generally, it is the policy of the Bank to match the currency and maturity of all liabilities and assets as far as practicable and to maintain a store of liquidity in the form of readily realisable debt securities, including government treasury bills.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities. All amounts within deposits by banks and customer accounts include both principal and future interest payments:

2024						
US\$'000	Time band					Total
	Less than 3 Months	3 – 6 months	6 – 12 months	1 – 5 years	Over 5 years	
Liabilities						
Deposits by banks	76,072	31,113	-	-	-	107,185
Customer accounts	66,005	9,926	24,586	8,932	-	109,449
Other liabilities	988	-	451	1,154	-	2,593
Total liabilities	143,065	41,039	25,037	10,086	-	219,227
Off balance sheet	33,363	16,949	210	-	-	50,522

2023						
US\$'000	Time band					Total
	Less than 3 Months	3 – 6 months	6 – 12 months	1 – 5 years	Over 5 years	
Liabilities						
Deposits by banks	78,880	-	-	-	-	78,880
Customer accounts	37,607	5,479	6,444	1,503	-	51,033
Other liabilities	717	-	443	1,558	-	2,718
Total liabilities	117,204	5,479	6,887	3,061	-	132,631
Off balance sheet	11,352	489	-	-	-	11,841

The above includes non-financial liabilities. Off balance sheet consists of confirmed letters of credit and pipeline loans and mortgages

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

(d) Interest rate risk

Interest rate risk is the risk of loss arising from differences in the re-pricing dates of liabilities and assets. The Bank's policy is to limit re-pricing risk by setting re-pricing gap limits and by regularly reviewing its re-pricing risk by reference to assumed adverse movements in interest rates to ensure that the risk of loss remains within acceptable limits. Therefore, the Bank's treasury and lending functions seek to price assets at floating rates or at fixed rates for fixed periods at appropriate roll-over dates that allow for matching with customer and market liabilities.

The table below summarises the Bank's assets and liabilities by re-pricing time band and demonstrates the extent to which these are matched.

(i) Interest rate gap analysis

Assets and liabilities are analysed in time bands according to the earlier of the period to the next interest rate re-pricing and maturity date as follows:

2024							
US\$'000	Time band						Total
	Less than 3 Months	3 – 6 months	6 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	
Total Financial assets	177,041	50,324	8,736	20,462	11,861	-	268,424
Total Financial liabilities	142,763	40,145	24,210	9,463	-	-	216,581
Interest rate sensitivity gap	34,278	10,179	(15,474)	10,999	11,861	-	51,843
Cumulative gap	34,278	44,457	28,983	39,982	51,843	51,843	

US\$'000	2023						Total
	Time band						
	Less than 3 Months	3 – 6 months	6 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	
Total Financial assets	165,430	16,093	7	348	3,881	-	185,759
Total Financial liabilities	117,060	5,391	6,668	2,966	-	-	132,085
Interest rate sensitivity gap	48,370	10,702	(6,661)	(2,618)	3,881	-	53,674
Cumulative gap	48,370	59,072	52,411	49,793	53,674	53,674	

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

d (continued)

(ii) Interest rate sensitivity analysis

Interest rate sensitivity analysis has been performed on the net cash flow interest rate risk exposures as at the reporting dates. A range of possible upward/downward movements in rates of 100bps has been assumed for the different currencies which the directors consider reasonable given the current market conditions and the nature of matched funding within the exposures. If all other variables are held constant, the tables below present the likely impact on the Bank's statement of comprehensive income:

US\$'000	2024				Total
	Currencies				
	US Dollar	£ Sterling	Euro	Other	
Total Financial assets	203,798	64,166	423	37	268,424
Less: fixed rate assets	(136,668)	(35,313)	-	-	(171,981)
Total Variable rate assets	67,130	28,853	423	37	96,443
Total Financial liabilities	150,743	65,414	407	17	216,581
Less: fixed rate liabilities	(79,330)	(43,237)	-	-	(122,567)
Total Variable rate liabilities	71,413	22,177	407	17	94,014
Net cash flow interest Rate Risk exposure	(4,283)	6,676	16	20	2,429
Possible movement in interest rates (bps)	100	100	100	100	
Possible impact of increase in interest rates on loss before tax and equity	(43)	67	-	-	24
Tax charge-25%	11	(17)	-	-	(6)
Possible impact of increase interest rates on loss after tax and equity	(32)	50	-	-	18
Possible impact of decrease in interest rates on loss before tax and equity	43	(67)	-	-	(24)
Tax charge-25%	(11)	17	-	-	6
Possible impact of decrease in interest rates on loss after tax and equity	32	(50)	-	-	(18)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

US\$'000	2023				Total
	Currencies				
	US Dollar	£ Sterling	Euro	Other	
Total Financial assets	160,303	24,502	867	87	185,759
Less: fixed rate assets	(141,894)	(15,390)	-	-	(157,284)
Total Variable rate assets	18,409	9,112	867	87	28,475
Total Financial liabilities	107,057	24,119	891	18	132,085
Less: fixed rate liabilities	(44,170)	(8,802)	-	-	(52,972)
Total Variable rate liabilities	62,887	15,317	891	18	79,113
Net cash flow interest Rate Risk exposure	(44,478)	(6,205)	(24)	69	(50,638)
Possible movement in Libor/Euribor (bps)	100	100	100	100	
Possible impact of increase in Libor/Euribor on loss before tax and equity	(445)	(62)	-	1	(506)
Tax charge-19%	111	16	-	-	127
Possible impact of increase in Libor/Euribor on loss after tax and equity	(334)	(46)	-	1	(379)
Possible impact of decrease in Libor/Euribor on loss before tax and equity	445	62	-	(1)	506
Tax charge-19%	(111)	(16)	-	-	(127)
Possible impact of decrease in Libor/Euribor on loss after tax and equity	334	46	-	(1)	379

(e) Currency risk

Limited foreign exchange exposure arises from the facilitation of customer orders and from profits and losses in currencies other than the functional currency. The Bank does not actively speculate in foreign currencies and does not deal in forward foreign exchange, foreign exchange options, futures or options thereon except to the limited extent necessary to hedge cash flows arising from its own and its customers' activities. Foreign exchange exposures are subject to limits as to positions in individual currencies and as to the 'overall net open position'.

Details of the Bank's assets and liabilities by currency of denomination are summarised in US Dollars in table (i) below so as to demonstrate the extent to which foreign currency exposures are matched.

(i) Net currency position analysis

Assets and liabilities, expressed in US\$ but analysed according to the currency in which they were denominated, after taking into account the accounting policy for foreign currencies as set out in note 3(c), were as follows:

2024					
US\$'000	Currencies				Total
	US Dollar	£ Sterling	Euro	Other	
Total Financial assets	203,798	64,166	423	37	268,424
Total Financial liabilities	(150,743)	(65,414)	(407)	(17)	(216,581)
Currency position	53,055	(1,248)	16	20	51,843

2023					
US\$'000	Currencies				Total
	US Dollar	£ Sterling	Euro	Other	
Total Financial assets	160,303	24,502	867	87	185,759
Total Financial liabilities	(107,057)	(24,119)	(891)	(18)	(132,085)
Currency position	53,246	383	(24)	69	53,674

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

(ii) Foreign currency sensitivity analysis

Foreign currency sensitivity analysis has been performed on the foreign currency exposures inherent in the Bank's financial assets and financial liabilities at the reporting dates. The sensitivity analysis provides an indication of the impact on the Bank's statement of comprehensive income of reasonably possible changes in the currency exposures embedded within the functional currency environment in which the Bank operates. Reasonably possible changes are based on an analysis of historical currency volatility, together with any relevant assumptions regarding near-term future volatility.

The Bank believes that for each foreign currency net exposure it is reasonable to assume a 5% appreciation/depreciation against the Bank's functional currency, given the control exercised over the Bank's currency positions. If all other variables are held constant, the tables below present the impacts on the Bank's statement of comprehensive income if these currency movements had occurred.

The financial statements have used a closing rate of £1 to \$1.27 and during the year the average rate for £1 was \$1.25.

2024			
US\$'000	Currencies (FC)		
	£ Sterling	Euro	Other
Net foreign currency exposures	(1,248)	16	20
Impact on loss and equity of 5% increase in FC:USD rate	47	(1)	34
Impact on loss and equity of 5% decrease in FC:USD rate	(52)	1	(34)

2023			
US\$'000	Currencies (FC)		
	£ Sterling	Euro	Other
Net foreign currency exposures	383	24	69
Impact on loss and equity of 5% increase in FC:USD rate	(14)	1	2,121
Impact on loss and equity of 5% decrease in FC:USD rate	16	(1)	(2,121)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

(f) Capital adequacy

The Bank is subject to minimum capital requirements imposed by the PRA, following guidelines developed by the Basel Committee on Banking Supervision and implemented in the UK via European Union Directives. The revised framework, known as CRDIV, includes a more risk-sensitive methodology for the calculation of capital requirements for Credit Risk as well as a capital requirement for Operational Risk.

Minimum capital requirements under the PRA's rules are calculated by summing the capital requirements for Credit Risk, Operational Risk, Market Risk and Counterparty Credit Risk. For the purposes of computing these requirements the Bank has elected to adopt the Standardised Approach to Credit Risk and the Basic Indicator Approach to Operational Risk. Market Risk is determined using the standard Position Risk Requirement ('PRR') rules and Counterparty Credit Risk ('CCR') is calculated using the CCR mark to market method. The Market Risk and Counterparty Credit Risk components of the capital requirement are small because the Bank has no trading book.

The minimum capital requirement for Credit Risk under Pillar 1 of CRDIV is calculated by multiplying risk weighted assets by 8%, the internationally agreed minimum ratio. Risk weighted assets are determined by applying risk weights, which vary according to the credit rating of the obligor, to the Bank's assets, including off statement of financial position engagements that are subject also to given credit risk conversion factors. Under Pillar 2 the Bank undertakes an assessment (the ICAAP process) of the amount of capital that is required to support its activities using the Pillar 1 plus approach. This assessment has identified a number of risks that either do not attract capital under Pillar 1 or where the Pillar 1 requirement does not fully capture the risks faced by the Bank. Additional capital is set aside under Pillar 2 for these risks, which include exposure concentrations and interest rate risk in the non-trading book. The Bank's total capital requirement is then the sum of the amounts calculated under Pillar 1 and Pillar 2. Furthermore, the Bank is subject to Individual Capital Guidance ('ICG') provided by the PRA whereby the Pillar 2 requirement is computed by applying a formula to the Pillar 1 requirement. This results in a Pillar 2 requirement that is somewhat higher than that determined through the ICAAP process.

The Bank calculates its capital adequacy on a daily basis by comparing the total capital requirement in accordance with the ICG to capital available to meet this requirement (Regulatory Capital). A capital buffer is also incorporated, which is based on a level of tolerance to unexpected losses that is considered and agreed by the Board as part of the ICAAP process. At 31 December 2024 and throughout the year, the Bank maintained Regulatory Capital in excess of the total capital requirement calculated in accordance with the ICG.

The following table is an analysis of those items which comprise the Regulatory Capital base for the purposes of reporting to the PRA.

	2024 US\$'000	2023 US\$'000
Statement of financial position:		
Share Capital	85,090	85,090
Profit & Loss Reserve	(29,740)	(27,589)
Securities (FVOCI reserve)	21	(4)
Less Intangibles	(366)	(463)
Total Tier 1 Capital	55,005	57,034
Total Regulatory Capital	55,005	57,034

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Financial risk management (continued)

(f) Capital adequacy (continued)

The Regulatory Capital shown agrees to the Regulatory Capital reported to the PRA because accumulated losses are reportable as they occur.

The directors regard share capital and reserves as its capital for the capital management purposes where the objective to ensure it is sufficient to participate in lines of business and to meet Prudential Regulatory Authority's capital requirements. In order to maintain or adjust the capital structure, the Bank may issue new shares or sell assets.

(g) Lending commitments	2024	2023
	US\$'000	US\$'000
Undrawn formal standby facilities, credit lines and other commitments to lend:	33,363	795

31. Fair values of financial instruments

Fair value measurements

The information set out below provides information about how the Bank determines fair values of various financial assets and financial liabilities. The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 – fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – fair value measurements derived from unobservable inputs to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

US\$'000	2024			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVOCI	47,544	-	-	47,544
Total	47,544	-	-	47,544

US\$'000	2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at FVOCI	42,025	-	-	42,025
Total	42,025	-	-	42,025

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. Fair values of financial instruments (continued)

The following table sets out the fair values of financial instruments not measured at fair value and compares them to carrying value.

	2024		2023	
	Carrying Value US\$'000	Fair Value US\$'000	Carrying Value US\$'000 Restated	Fair Value US\$'000
Assets				
Cash and cash equivalents	99,914	99,914	115,901	115,901
Loans and advances to banks	65,801	65,801	19,243	19,243
Loans and advances to customers	55,165	54,782	8,590	8,510
Other assets	1,226	1,226	939	939
Liabilities				
Deposits by banks	106,195	106,195	78,638	78,638
Customer accounts	107,700	107,790	50,613	50,674
Other liabilities	2,593	2,593	2,718	2,718

The fair value of financial instruments is the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. Where quoted market prices are not available, fair value is determined using pricing models which use a mathematical methodology based on accepted financial theories, depending on the product type and its components.

Cash at bank consists of demand deposits with third party banks. Accordingly, the carrying amount of these balances is deemed an appropriate approximation of the fair value.

Both loans and advances to banks and customers noted above are level 3 financial assets. Loans and advances to banks comprise secured loans, short-term placements with banks and unsettled financial transactions. The secured loans have been valued as above and using the valuation technique described below. The carrying amount of the other items is deemed a reasonable approximation of their fair value, as the transactions are very short-term in duration. This includes intercompany balances.

The fair valuation of loans and advances to customers is an area of considerable estimation and uncertainty as there is no observable market and values are significantly affected by customer behaviour. These comprise secured loans, unsecured loans and corporate loans.

The fair values of mortgage portfolios have been estimated by comparing existing contractual interest rates over the weighted average lives with an estimation of new business interest rates based on competitor market information. Adjustments have also been made to reduce:

- the weighted average lives to reflect the uncertainty inherent in the value that could be achieved, given that the borrower could re-finance at any time;
- discount the value of performing loans with a higher loan-to-value ratio to reflect the higher risk of this part of the portfolio and the fact that this is outside the Company's normal underwriting standards; and
- discount the collateral value of non-performing loans with a higher loan-to-value ratio to reflect the significantly higher possibility of re-possession and the lower value that is achieved on repossession and to take cognisance of rates available in the market for loans in arrears but with a lower loan-to-value ratio.

Unsecured loans are overdrafts and personal loans. The weighted average lives of these portfolios are short, and the business was written relatively recently. As a result, contractual interest rates approximate new business interest rates, and therefore no mark-to-market surplus or deficit has been recorded with respect to the performing book and discounts applied to the non-performing book.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. Fair values of financial instruments (continued)

The fair values of corporate loans have been estimated by comparing existing margins with an estimation of new business rates for similar loans in terms of the borrower's segment, maturity and structure. Provisions are considered appropriate for the book that is not impaired. A discount has been applied to impaired loans as although exits have generally been achieved at carrying value, this does not reflect the discount a purchaser would require.

All financial liabilities are level 3 liabilities. The majority of deposit by banks, customer accounts and other liabilities are payable on demand and therefore can be deemed short-term in nature with the fair value equal to the carrying value. Certain of the customer accounts are at a fixed rate until maturity. The deficit/surplus of fair value over carrying value of these liabilities has been estimated by reference to the market rates available at the reporting date for similar customer accounts of similar maturities. The fair value of such customer accounts has been estimated using the valuation technique described below.

In the valuation of loans and advances and deposits, the 'present value' method is used. Expected future cash flows are discounted using the interest rate curves of the applicable currencies. The interest rates curves are generally observable market data and reference yield curves derived from quoted interest rates in appropriate time bandings, which match the timings of the cash flows and maturities of the instruments.

32. Contingent liabilities and commitments

Contingent liabilities

	2024 US\$'000	2023 US\$'000
Letters of credit	17,159	11,841
	<u>17,159</u>	<u>11,841</u>

33. Leases

Low value leases

The Company had total minimum lease payments in respect of low value leases for land and buildings and equipment used in the business as follows.

	2024 US\$'000	2023 US\$'000
Leases which expire:		
Within one year	6	6
	<u>6</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. Leases (continued)

Right-of-use-assets

	Land and Buildings US\$'000 2024	Land and Buildings US\$'000 2023
At 1 January	1,673	2,052
Addition Re Rent Increase	8	
Depreciation charge for the year	(381)	(379)
	-	
At 31 December	1,300	1,673

Lease liabilities

	Land and Buildings US\$'000 2024	Land and Buildings US\$'000 2023
At 1 January	2,001	2,065
Interest expense	192	90
Lease payments	(564)	(274)
Foreign exchange movements	(24)	120
At 31 December	1,605	2,001

	2024 US\$'000	2023 US\$'000
Lease liabilities which expire:		
Within one year	564	573
Within two to five years	1,270	1,861
Over five years	-	-
	1,834	2,434

These lease liabilities relate to the rental lease for the Bank's office premises at 1 King's Arms Yard, London, EC2R 7AF. In 2018 the Bank entered into a 10-year lease agreement for its office premises with a fixed rental term agreed for the first 5 years. This lease expires on the 31 May 2028. The Bank agreed to an increase in rent in July 2023 for the remaining five years of the lease which does not result in a material change to these lease calculations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. Dividends

A dividend payment of US\$nil was made during the year ended 31 December 2024 in respect of the year ended 31 December 2023 (made during the year ended 31 December 2023 in respect of the year ended 31 December 2022: US\$nil).

35. Ultimate parent company and controlling party

The Bank is a directly wholly owned subsidiary of its parent and ultimate holding undertaking, Fidelity Bank Plc, a company incorporated in Nigeria and listed on the Nigerian Stock Exchange. The smallest and largest group in which the Bank is consolidated is Fidelity Bank Plc.

36. Subsequent events

There are no subsequent events identified

37. Future accounting developments

As of 31 December 2024, a number of standards, interpretations and amendments had been issued by the IASB, which are not effective for the Bank's financial statements as at 31 December 2024. The assessment of the potential impact is a work in progress.

- Presentation and disclosures of Financial Statements (IFRS 18)
- Amendments to IAS 21 regarding Lack of Exchangeability
- Amendments to the Classification and Measurement of Financial Instruments (IFRS 9) and Financial Instruments: Disclosures (IFRS 7)

38. Prior Period reclassification

Loans and advances to banks and Cash and cash equivalents have been restated for 2023.

The restatement is in relation to short-term bank placements of \$108m which was previously reported in error as loans to banks. This has now been reclassified to cash and cash equivalents.

The restatement has no impact on comprehensive income and the statement of changes in equity.

The reclassification is only between loans and advances to banks and cash and cash equivalent on both the statement of financial position and cashflow statement. This reclassification impacts the 2023 numbers and would not have future implication on the Financial Statement of the Bank.

The same reclassification has been applied to the opening balance of cash and cash equivalents as at 1 January 2023, which increased by \$38 million from \$5.4m to \$43.5m. The change in Loans and advances to banks on the cash flow statement also increased by \$70.1m, from (\$62.4m) to \$8.2m, which makes up the total sum of \$108m reclassification.

The summary of the reclassification is presented below:

		2023		2023
	Note	Previously stated	Bank Placements adjustments	Restated
Statement of Financial Position				
Assets				
Cash and cash equivalents	16	7,127	108,774	115,901
Loans and advances to banks	18	128,017	-108,774	19,243
Statement of Cashflows				
Change in loans and advances to banks	18	-62,422	70,667	8,245
Cash and cash equivalents at 1st January 2023		5,431	38,108	43,539
Cash and cash equivalents at 31st December 2023	16	7,127	108,774	115,901

OTHER DISCLOSURES

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 (SI 2013 No. 3118) implements part of the European Union's Capital Requirements Directive ("CRDIV"). Credit institutions and investment firms must disclose certain information on a consolidated basis for each country in which the firm has a subsidiary or branch.

FidBank UK Limited is a bank, and this disclosure meets its Country-by-Country Reporting ("CBCR") obligations under the Regulations. The information contained in this document reflects the position as at 31 December 2024.

FidBank UK Limited is required to disclose the following information:

Country (by turnover size)	Turnover (\$m)	Employees*	(Loss) before tax (\$m)	Corporation tax paid (\$m)	Public subsidies received (\$m)
United Kingdom	12.14	55	(2.15)	0.00	Nil
Consolidation adjustments	-	-	-	-	-
Group Total	12.14	55	(2.15)	0.00	Nil

**the average number of employees on a full-time equivalent basis*

Country	Description of Activities	Name of entities
United Kingdom	Corporate, Retail & Commercial Banking Treasury & Trade Finance services	FidBank UK Limited