

Company registration number 13090556 (England and Wales)

AFIN BANK LIMITED
(Formerly All Africa Capital Limited)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

AFIN BANK LIMITED

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AFIN BANK LIMITED

COMPANY INFORMATION

Directors

K I M Arnold
J Loy
S Amankwah
E A Ekundayo
H A Evans
A J Holmes
J S Oakley
D Kenmir (Appointed 1 September 2024)

Company number

13090556

Registered office

Lower Ground Floor
10 Chiswell Street
London
EC1Y 4UQ

Independent Auditor

MHA
6th Floor
2 London Wall Place
London
EC2Y 5AU

AFIN BANK LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Chairman's review

The journey to obtaining a banking licence commenced in October 2021 when I joined as Chairman. I am delighted that in October 2024 we managed to secure our banking licence with restrictions, with the objective of launching a new digital bank to help the African diaspora living and working in the UK.

We would not have been able to undertake this journey without the unwavering support of our shareholders WAICA Reinsurance Corporation Plc (WAICA Re). WAICA Re is one of the largest reinsurance companies in Africa and in the top 100 reinsurers worldwide. Their commitment to Afin Bank and commitment to invest over £60m between 2021 and 2027 to support the development and launch of the bank has made obtaining a banking licence a reality.

The journey to this point could not have been achieved without the very strong executive team that has been built, and led by Jason Oakley, Chief Executive Officer. The team has extensive experience in building and launching new banks, and I would like to thank them for all the effort they have put into getting us to this point in our journey.

Together with my fellow Board members, who have supported me on this journey, I would like to thank the regulatory team at the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) for supporting the banking application and the time and effort that has been spent in granting the banking licence with restrictions. We look forward to continuing to work with the team as we look to fulfil the requirements to remove the deposit restrictions and launch later this year.

Katrina Arnold
Chairman

AFIN BANK LIMITED

CHIEF EXECUTIVE'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Chief Executive's Review

Afin Bank Limited is a majority owned subsidiary of WAICA Re, an African based reinsurer, who have an excellent track record and are now one of the Top 100 Reinsurers in the world. The capital certainty they have brought to the application process has been invaluable, together with the wise counsel of their two shareholder NEDs (Ezekiel Ekundayo and Samuel Amankwah) on the Board.

Afin Bank achieved its banking licence (with restrictions) in October 2024. Our current focus is to satisfy our mobilisation conditions and submit a Variation of Permission for the removal of the current deposit restrictions. This process is on plan, and we expect to be fully trading in the early part of H2 2025.

I am lucky to have a highly capable Executive team, the majority of whom have been on this journey before with other Bank applicants. We also enjoy an accomplished and experienced Board led by our Chairman, Katrina Arnold. Their expertise and industry insight has added to the pace and quality of our plans with consistent challenge along the way. Although the financial results inevitably reflect a business in the investment period, expenditure has been closely controlled at each stage of this complex journey and our expectations of profitability in the early years following full licence, remain unchanged.

Overall, we have made excellent progress.

Our research underpins the significant opportunity in the African diaspora and our other chosen segments – the self-employed market and high net worth individuals. All of these segments are underserved by the existing UK banking market.

Our business plan remains robust, and we are very confident about the opportunities that lie ahead for Afin Bank Limited.

Jason Oakley
Chief Executive Officer

AFIN BANK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present the Strategic Report for Afin Bank Limited (formerly All Africa Capital Limited) (the 'Company', 'Bank' or 'Afin') for the year ended 31 December 2024.

Overview

On 18 October 2024 Afin received a Banking licence and entered 'Authorisation with Restriction' having been granted Part 4A permissions by the regulators (the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA)). Having gained a letter of no objection from the FCA to use the name 'Bank' on 22 October 2024, the Company name was changed from 'All Africa Capital Limited' to 'Afin Bank Limited'.

Our Business

Afin Bank, a new digital bank, plans to help diaspora living and working in the UK who find it difficult to get mortgages. Afin Bank will also help borrowers from certain African countries investing in the UK property market.

We aim to deliver simple products and service excellence, to make banking effortless.

Afin Bank will be offering residential and buy-to-let (BTL) mortgages to Africans living in England and Wales, as well as BTL mortgages for borrowers in the West African countries of Ghana, Sierra Leone and The Gambia investing in the UK property market. It will also offer a range of FSCS protected savings products to savers with a UK passport, as well people from Ghana, Nigeria, Sierra Leone and The Gambia resident in the UK.

We will provide a simple and secure banking experience, guided by our customers' values and tailored to their needs.

Vision

We are trusted to deliver an outstanding experience that is guided by our customers' values and tailored to their unique needs to deliver effortless banking:

- **Ownership** – We do what we say and stick to our word, we are transparent in our offering and clear in our communication
- **Innovative** – We are focused on providing effortless banking to our customers. We will constantly seek new ways to make our service better
- **Excellence** – We are proactive. We listen to our customers and colleagues. We ensure affinity with their needs and deliver the best experience for all
- **Supportive** – We know the unique challenges our customers face. We act quickly and with compassion
- **Purposeful** – Giving back is at our core. We are here for our customers and their communities

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Financial Overview

A summary of the Bank's performance for the financial period is set out below:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue	-	-
Operating costs	6,257	1,768
Net finance (expenditure)/income	(63)	1
Operating loss from continuing operations	6,194	1,769
Income tax income		
Total loss for the period	6,194	1,769

Key Performance Indicators

The key targets of the Directors over the financial year have been to develop the technology and operations to support the Afin Bank obtaining a banking licence with restrictions.

Comparatives for the prior period ended 31 December 2023 serve no real purpose within this report and consequently only those KPIs currently employed are presented here (see below).

Key Performance Indicators (KPIs)	As at 31 December 2024
Capital	
Common Equity Tier 1 Ratio	418.5%
UK Leverage Ratio	87.4%
Liquidity	
Liquidity Coverage Ratio	999999%
Net Stable Funding Ratio	492.2%
High quality liquid assets as a % of total gross assets	51.7%

Likely future developments

After receiving its banking licence with restrictions in October 2024, Afin entered the mobilisation phase of its development. During this phase, the Bank is required to meet a number of conditions set by the PRA and FCA to support the removal of their deposit restrictions. The statutory period to satisfy these conditions is 12 months and Afin is on track to meet the requirements ahead of the deadline later this year, at which point the Bank will be in a position to launch its deposit taking and lending.

Dividends

The Board does not propose to pay a dividend in respect of the financial period (31 December 2023: £nil).

Statement of Financial Position

Total assets were £17.4m (31 December 2023: £1.4m) and total net assets were £15.4m (31 December 2023: £1.0m). Cash balances at period-end were £3.2m (31 December 2023: £1.0m).

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Principal Risks and Uncertainties

Risk appetite is established, reviewed and monitored by the Board. The Bank, through the operation of its committee structure, considers all relevant risks and advises the Board as necessary. The Bank maintains a comprehensive risk register as part of its risk management framework promoting a risk-based approach to the internal controls and management.

Liquidity risk

Liquidity exposure represents the potential stressed outflows in any future period less expected inflows and considers liquidity from both an internal and a regulatory perspective. Afin maintains adequate levels of liquidity and will ensure that it continues to maintain sufficient levels of liquidity to meet foreseeable and unexpected needs. Limits are set by Board Risk and Compliance Committee ('BRCC') and independently monitored by the Finance, Treasury and Risk departments for compliance within these limits.

Internal stress testing is carried out on its liquidity and potential cash flow mismatch position over both short and long-term horizons against a range of scenarios forming an important part of the internal risk appetite. The scenarios and assumptions are reviewed at least annually to ensure that they continue to be relevant to the nature of the business.

Capital Risk

Capital risk is the risk that the Bank has insufficient capital to cover regulatory requirements, growth plans or stressed conditions. Afin has maintained regulatory capital in excess of the level set by the PRA as part of our Total Capital Requirements (TCR). The capital position is monitored monthly by the Asset and Liability Committee (ALCO) and reported monthly to the BRCC.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Proactive measures such as internal review and staff training are implemented to enhance operational resilience and minimize the likelihood of operational risk incidents.

Business continuity risk is the risk that serious damage or disruption may be caused because of a breakdown or interruption, from either internal or external sources, to the business. This risk is mitigated by having business continuity and disaster recovery arrangements including business interruption insurance in place.

The Bank seeks to ensure that its risk management framework and control environment continuously monitor and address emerging operational risks on an ongoing basis.

Credit risk

The Bank's exposure to credit risk is minimal, given its conservative balance sheet profile. The Bank does not engage in lending activities at present and holds no loans or receivables from customers. Credit risk is primarily limited to cash balances held with a UK financial institution and investments in UK government securities, including gilts and Treasury bills. These assets are considered to have negligible credit risk due to the UK government's strong credit standing. The Bank continuously monitors the credit quality of counterparties.

Regulatory risk

The Bank operates in a highly regulated environment in the UK. The directors monitor changes and developments in the regulatory environment and ensure that sufficient resources are available to implement any required changes. Afin has been granted a banking licence with restrictions in October 2024 and is currently in the mobilisation phase of its development. During this phase, the Bank is required to meet a number of conditions set by the PRA and FCA to support the removal of their deposit restrictions. This is required to be achieved within the statutory period to satisfy these conditions, which is 12 months. If this cannot be achieved an application to withdraw its banking licence may be required. Afin is on track to meet the requirements ahead of the deadline later this year.

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Environmental, Social and Governance ('ESG')

Our team is committed to playing a positive role in the communities in which we live and work, increasing diversity and reducing our impact on the climate.

This year we launched our ESG programme to develop and embed over the medium term. We have commenced the build out of our framework, which will look to evolve and embed throughout 2025 and beyond.

We have benefitted from a high level of engagement from our colleagues and have established the following priorities:

- deliver positive outcomes for employees, investors, future customers and society;
- improve the level of diversity;
- reduce our impact on the environment;
- manage our business in an ethical and responsible way; and
- maximise the potential of our people and attract new talent.

	Environmental	Social	Governance
Near Term	• Develop processes, including obtaining supplier information to report Afin's carbon footprint • Develop a baseline for our environmental agenda including our carbon footprint • Utilising the output from the above to evolve our strategy whilst continuing to reflect the needs of our colleagues	• Through our vision and values, develop initiatives to clearly articulate the social purpose of Afin • Ensure the existing Social Committee is responsible for developing the Bank's social initiatives • Define what diversity, equality and inclusion means to us • Aim to attract, inspire and engage a talented and diverse workforce • Ensure a clear understanding of what delivers value and acts as a unifier for the business to drive culture, community and innovation	• Deliver an ESG policy to set out the framework which we are to adhere to • Embed the values that underpin our vision and purpose throughout the business • Review all policies and procedures to ensure clear lines of accountability and oversight whilst maintaining our flexibility for innovation and creativity

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Medium Term	• Using measurement discipline to show meaningful progress on our pathway to net zero • Develop achievable goals and Key Performance Indicators ('KPIs') to monitor progress against our targets • Align our vision, purpose and KPIs against the strategic framework to roll out across the business	• Identifying causes that align with our vision, establish how we best support them long term • Donate our time, skills and money to work to help others and be a better corporate citizen • Establish what diversity and inclusion means for us and how we measure success	• Adopt the Streamlined Energy and Carbon Reporting (SECR) framework and incorporate this within the governance and reporting of Afin • Ensure effective governance of social risks and environmental risks including climate change risk, through the working group and ExCo • Regular progress updates provided to the Board who are ultimately responsibility for environmental and social risks • Oversee ESG governance framework and assess the KPIs against the strategic framework
Long Term	• Work with our peers to collectively achieve the UK Green Finance Strategy net zero emissions target • Consider adopting relevant accreditations to be accountable for our actions • Enhance our process for onboarding suppliers and partners to ensure their values align with our framework • Assess our carbon offsetting strategy to support our target of being net zero as soon as possible	• Embed diversity and inclusion best practices throughout our business activities including recruitment, engagement and feedback • Develop ways of celebrating our successes and look back at having made a real difference • Play an active and a positive role in our community to deliver lasting improvements for our causes	• Perform a post-implementation review, monitoring progress against KPIs • Consider ESG factors are included in the Executive remuneration framework • Monitor our corporate responsibility, sustainability and stakeholder engagement activities

The climate crisis is a serious threat facing our society and the economy, and at Afin we are determined to do our part. We have been working with our external consultants, Energise, to understand and address our carbon footprint (see below):

Streamlined Energy and Carbon Reporting ('SECR')

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on SECR.

Whilst SECR was not mandatory for Afin in 2024, we have voluntarily disclosed our carbon footprint. Afin has been working with Energise, who have worked with us to calculate our greenhouse gas emissions ('GHG').

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Methodology

Reporting has been conducted in accordance with methodology set out in the Greenhouse Gas Protocol Corporate Standard and using the Department for Environment, Food and Rural Affairs' ('DEFRA') emissions factors to calculate emissions. The emissions data covers the period 1 January 2024 – 31 December 2024 and is disclosed using the operational control approach.

SECR requirements make Scope 1 (direct emissions from fuel use) and Scope 2 (indirect emissions from electricity) mandatory for disclosure purposes, together with business travel where the company is responsible for purchasing the fuel. Scope 2 business travel emissions are not applicable to us. Because the majority of our carbon footprint comes from wider Scope 3 emissions (i.e. from our value chain), we have chosen to include this category in our disclosures as well. Our intensity ratio is based on total Scope 1, 2 and 3 emissions.

We have shown the location-based Scope 2 emissions below, encouraged by the Government Guidelines for SECR disclosures. This approach reveals the intensity of the local grid area in which our electricity usage occurs.

Where there were data limitations, energy usage and other consumption data have been estimated and appropriately allocated based on square footage for the relevant premises, in addition to applying suitable industry benchmarks.

	2024 (tCO ₂ e)
Total energy consumption (kWh) ¹	18,786
Emission from combustion of gas (Scope 1)	1.7
Emission from purchased electricity (Scope 2)	2.2
Emissions of upstream activities (Scope 3)	543.3
Total emissions	547.2
Average Full-Time Equivalent (FTE) in the year	27
Intensity ratio (tCO ₂ e/FTE)	20.3

Outlook

During 2025, we will work with Energise to further understand our carbon emissions and improve the accuracy of our data, as well as consider our pathway to Net Zero by 2050 at the latest in order to align our emissions reduction strategy with current climate science.

Gender Pay Gap

As we build out the Bank, gender pay gap is a key metric that is monitored by the Bank. The gender pay gap is wider than we would like it to be with the median gender pay gap currently sitting at 17%. There are several reasons for this, although it is largely driven by the higher proportion of men holding senior positions. We are committed to continue to reduce the gap and are confident that men and women are paid equally for performing equivalent roles across our business.

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Section 172 Statement

This section explains how, as required by Section 172, the Directors have acted to promote the success of the Bank for the benefit of its stakeholders. In meeting this responsibility, the Directors have taken into consideration the long-term impact of any decisions on stakeholder relationships, whilst always maintaining its high business conduct standards. During the year, the Directors have had regard, amongst other matters, to:

- the likely consequences of any decisions made in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with its suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Bank

Long-term decision making

The following information sets out the Bank's Section 172(1) Statement and how the Directors have had regard to those matters. At the core of the Bank's values is the belief in transparency, fairness and inclusion. Afin's key stakeholders are its employees, customers, suppliers, communities, shareholders and regulatory bodies. In order to promote the long-term success of the Bank, the Board recognises the importance of engaging with these groups to help inform its strategy and decision-making.

As part of every Board agenda, Section 172(1) Statement obligations are set out as a helpful reminder of the Directors' duties. The Board continues to review and challenge how it can improve on its engagement with customers, employees and other key stakeholders.

Employees

The CEO, on behalf of the Board, engages with colleagues through a variety of methods including weekly newsletter updates, town halls and employee opinion surveys.

Shareholders

Shareholders are essential to the Bank's ability to access capital to support its strategic objectives and ensure the long-term success of the business.

The Board includes two shareholder representations and maintains an open dialogue with its shareholders WAICA Re. Through the Chair and Bank executives, the Board maintains a continuing dialogue with WAICA Re to ensure the Bank's future capital funding and long-term strategic development can be achieved.

Regulators

Afin operates only with the support and approval of its regulators. The Bank seeks to maintain an open and active dialogue with the regulators and strives to meet and exceed the regulators' requirements at all times.

The Bank is operating under the Senior Managers and Certification Regime.

Customers

Afin is currently in the development stage and does not have any customers. However, in advance of its launch in 2025 it has held a number of focus groups, meetings and events with potential customer groups and brokers to gain an understanding on the requirements of its expected customer target market,

Community and Suppliers

The Board, through its Executive Directors, is keenly focused on its key supplier relationships, especially those of an outsourced variety, and constantly challenges and reviews its arrangements.

Each of the Board members consider that they have acted together, in good faith in a way most likely to promote the success of the Company for the benefit of its broader range of stakeholders as a whole taking into account section 172 of the Companies Act 2006.

AFIN BANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Events after the reporting date

Since the reporting date, 3,600,000 A ordinary shares were issued at £1 per share (£3.6m) on 21 January 2025 and 2,000,000 A ordinary shares were issued at £1.00 per share (£2.0m) on 21 March 2025 to its parent company WAICA Reinsurance Corporation PLC.

Approved for issue by the Board of Directors and signed on its behalf.



J S Oakley
Director

22 April 2025

AFIN BANK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Directors

Details of directors who served during the year are as follows:

K I M Arnold	
J Loy	
S Amankwah	
E A Ekundayo	
H A Evans	
A J Holmes	
J S Oakley	
D Kenmir	(Appointed 1 September 2024)

Principal activities

Afin's principal activity is providing banking services to support deposit-taking and mortgage lending to retail customers.

Results and dividends

The results for the year are set out on page 33.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

The corporate governance statement set out on pages 16 to 22 forms part of this report.

Going concern

The financial statements have been prepared on a going concern basis. In assessing going concern, the Directors have considered the current statement of financial position, the financial projections, longer-term strategy of the business and the capital and liquidity plans, including stress tests and plans for future capital injections.

During the year, the Company received its banking licence from the PRA and FCA with restrictions which is a significant milestone in the journey to launching its products to customers.

As at 31 December 2024 the Company had liquid resources of £12.9 million including cash and cash equivalents and UK government securities, including gilts and Treasury bills. The Directors have prepared forecasts for a period of at least 12 months from the date of signing of these financial statements and have the commitment of WAICA Re to invest over £60 million between 2021 and 2027 to fund business growth. Based on the current projection, the Directors believe that there are sufficient funds for the forecast expenditure for at least the next 12 months.

After consideration of the cash flow and the projected capital injections from the shareholder during the next 12 months, the Directors are satisfied that the Bank will maintain sufficient financial resources to enable them to continue operating for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual report and accounts.

Financial instruments and risk management

Details of risks and risk management arising from the Bank's financial instruments are set out in note 20 of the financial statements.

Share Capital

Share Class	Nominal Price per Share	Total Shares
A Ordinary	£1.00	17,078,622
B Ordinary	£0.01	6,698,060

AFIN BANK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Political Contributions

The Company did not make any political donations or incur any political expenditure during the year (December 2023: nil).

Qualifying Third Party Indemnity Provisions

The Company has arranged qualifying third-party indemnity for all of its Directors.

Auditors

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 Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

MGI Midgley Snelling LLP stepped down as auditors following the decision by the Company to appoint an audit firm that is aligned to the current stage of the Company's development. MHA were appointed as auditor and in accordance with section 485 of the Companies Act 2006. The auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP. MHA will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved for issue by the Board of Directors and signed on its behalf.



J Oakley
Director

22 April 2025

AFIN BANK LIMITED

DIRECTORS' BIOGRAPHIES

FOR THE YEAR ENDED 31 DECEMBER 2024

KATRINA ARNOLD

Non-Executive Director, Chairman

An established Board Chairman with over 40 years' experience in the banking industry across commercial and investment banking, Katrina has deep expertise in risk management and compliance monitoring, anti-bribery and corruption, and money laundering.

Her roles in HSBC Bank's investment banking and trading businesses included the Global Head of Compliance Monitoring, Global Head of Anti-Bribery and Corruption, and Senior Compliance Manager. In those roles, she gained in-depth experience in risk management and compliance. As a senior supervisor at the Financial Services Authority (FSA), Katrina oversaw two American banks operating in the UK. Whilst at the FSA, she also sat on various panels and acquired specialist knowledge of the UK regulatory framework and requirements, with emphasis on governance, banking conduct, and treating customers fairly. Katrina is a Liveryman of the Worshipful Company of International Bankers in the UK, and a Freeman of the City of London. She is an Associate of the Chartered Institute of Bankers in the UK.

JASON OAKLEY

Chief Executive Officer

Jason has 40 years' banking experience. Prior to joining Afin, Jason was Founder and CEO of Recognise Bank, which he helped launch as a relationship-led SME-focused lender. Jason has held executive roles at Royal Bank of Scotland and Metro Bank including Head of SME Banking for RBS / Natwest and MD of Commercial Banking and Mortgages, as well as leadership positions at Close Brothers Plc. Jason has also co-founded a number of financial services businesses, successfully expanding their reach.

Throughout his career, Jason has been committed to addressing the needs of underserved markets, whether by supporting SMEs through personalised banking services or by creating financial products tailored to specific communities.

JERRY LOY

Senior Non-Executive Director

Jerry has over 30 years of experience across the private, public and not for profit sector, specialising in finance, risk, governance and private wealth investments. In addition to being the Senior Independent Director and Chair of Audit Committee at Afin Bank, Jerry sits on the board of three other regulated financial service companies and has worked with the UK Government Department for International Trade and the Japanese Ministry of Foreign Affairs in the design and implementation of foreign investment and cultural programmes. Prior to taking on portfolio roles, Jerry worked in the financial services sector with KPMG, The Capital Group and the Swiss private banking arms of two Middle Eastern banks.

Jerry is also the advisory chair of a consultancy focused on neuro-diverse talent and is a Fellow of the Institute of Chartered Accountants in England and Wales.

HUW EVANS

Non-Executive Director

Huw was with the Barclays Group for over 30 years in various roles. He has a very strong banking, risk and credit background, including a role as the Risk Director for the 12 countries that then comprised Barclays Africa & Middle East and, latterly, 10 years with banks in the Middle East in similar roles. Huw is an enterprise-wide risk professional who is used to building strong relationships at C-Suite and Board level.

Huw is an experienced wholesale and debt capital markets practitioner, as well as being thoroughly versed in all aspects of consumer lending, portfolio optimisation and auto-decisioning, developed and proven over many years. Prior to joining Afin, Huw was a Non-Executive Director and chair of the Board Risk & Compliance Committee at Fiinu Plc and Fiinu Bank Ltd and Group Chief Credit Officer at the Commercial Bank of Qatar in Doha, where he was responsible, amongst other things, for all aspects of credit, including wholesale, SME and consumer credit origination, processing, scoring and recovery.

AFIN BANK LIMITED

DIRECTORS' BIOGRAPHIES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

ANDREW HOLMES

Non-Executive Director

Andrew is a seasoned executive with extensive experience in technology and programme management across various sectors and jurisdictions. In addition to Afin Bank Ltd, Andrew is currently serving as a Non Executive Director (IT) at Birmingham Bank. Andrew was also the Founder and Chief Executive Officer of Gldnmn. Prior roles include Chief Technology Officer at Civilised Bank, where responsibilities encompassed IT operations and product delivery, and Programme Director for the German Branch of Silicon Valley Bank. This followed building and successfully launching the UK Branch in 2012. Andrew has held significant positions such as Managing Partner at Paricint LLP and Director at PricewaterhouseCoopers, focusing on global program management and consultancy. Educational credentials include a Post Graduate Diploma in Strategy and Innovation from Saïd Business School, University of Oxford, a Master's Degree from LSE, and a Bachelor's Degree from Newcastle University.

DAVID KENMIR

Non-Executive Director

David was a Risk and Regulatory Partner at PricewaterhouseCoopers (PwC) for 13 years and served as a member of its Supervisory Board for 4 years. David helped his clients deal with the strategic and day-to-day challenges that arise from operating in an environment where their controls, risk management framework, conduct and culture were heavily regulated by the FCA and PRA. His clients included traditional and Fintech focused Banks, Non-Bank lenders, Brokers. David also led PwC's licencing practice and on the implementation of Consumer Duty.

Prior to joining PwC David was a member of the Board, Executive Committee and Regulatory Policy Committee of the Financial Services Authority (FSA) for 5 years. In that role he was involved in all major decisions about the FSA's strategy, policy and issues facing the financial services market and regulated firms.

EZEKIEL EKUNDAYO

Shareholder Director

Ezekiel is a seasoned insurance professional with over 35 years of experience in the industry. He began his career in Lagos, Nigeria, and rose through the ranks to become the Managing Director/CEO of Globe Reinsurance PLC, where he spearheaded the company's expansion into Francophone West Africa. Ezekiel became the pioneer Managing Director/CEO of WAICA Reinsurance Corporation, building it from the ground up into one of Africa's leading reinsurance firms. Under his leadership, the company established subsidiaries and regional offices across Africa, and he now serves as Group Managing Director/CEO.

Ezekiel's expertise spans brokerage, underwriting, reinsurance, investment, and risk management. Fluent in English and French, he is deeply committed to workforce development and has trained many young professionals in the insurance sector. A Fellow of the Chartered Insurance Institute, London, and the Chartered Institute of Marketing, Nigeria, he holds a degree in Insurance and an MBA. He also serves on the Governing Council of the West African Insurance Institute, which awarded him a Fellowship for Academic Excellence in 2019.

SAMUEL AMANKWAH

Shareholder Director

Samuel is an experienced financial executive with a strong background in problem-solving, operational efficiency, and organizational management. He is a member of the Association of Chartered Certified Accountants (ACCA), Institute of Chartered Accountants (ICA) Ghana and holds an MSc in Accounting and Finance from De Montfort University, UK.

Over a 20-year career at GCB Bank Limited, Ghana, Samuel held various senior roles, including Deputy Managing Director (Operations), Deputy Managing Director (Finance), Chief Internal Auditor, and General Manager of the Treasury Division. He advised the Board on workflows, supported organisational restructuring, and developed strategies to enhance operations.

Samuel has served on multiple boards, including GCB Bank Limited, GCB Securities Limited, Vivo Ghana Limited and National Insurance Commission (NIC) Ghana. Samuel is Chairman of the Board at Acherensua Secondary School.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

Afin Bank has chosen to voluntarily comply with certain provisions of the UK Corporate Governance Code (the “UK Corporate Governance Code”), which was issued in July 2018 by the Financial Reporting Council and is available at www.frc.org.uk. The 2024 UK Corporate Governance Code will apply to financial years beginning on or after 1 January 2025 and will be adopted by Afin Bank for the new period. The UK Corporate Governance Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. Companies listed in the UK are required to disclose how they have applied the main principles and whether they have complied with its provisions throughout the financial year. Where the provisions have not been complied with, companies must provide an explanation.

Corporate Governance

The Governance structure of Afin Bank has been designed to allow the Bank to meet its own regulatory, legal and governance responsibilities, thereby protecting its integrity and future well-being. The Board of Directors is the primary governing body and has ultimate responsibility for setting the Bank’s strategy, corporate objectives, culture and risk appetite.

The Board’s primary role is to provide leadership and to ensure that the Bank is appropriately managed and delivers long-term shareholder value. It sets the strategic objectives and provides direction. The Board will ensure that there are appropriate controls in place but it delegates the day-to-day responsibility for the management of the Bank to the Executive Committee, led by the Chief Executive Officer.

The Board operates through a number of committees covering certain specific matters, these include:

- Board Audit Committee (BAC)
- Board Risk and Compliance Committee (BRCC)
- Board Remuneration and Nominations Committee (BRNC)

Board and committee attendance

The table below shows each Directors’ attendance at scheduled Board and Board Committee meetings, and ad-hoc meetings when these are required, held in the year.

Attendance	Board	BAC	BRCC	BRNC
K Arnold	10/10	-	10/11	6/7
J Loy	10/10	7/7	11/11	7/7
J S Oakley	10/10	-	9/11	-
S Amankwah	9/10	5/7	9/11	-
E A Ekundayo	8/10	-	-	3/7
H A Evans	9/10	7/7	11/11	7/7
A J Holmes	10/10	6/7	9/11	7/7
D Kenmir	6/6	-	6/6	4/4

Throughout the year to 31 December 2024, the Company has complied with the provisions set out in the UK Corporate Governance Code, except for the following matters:

Provision 10

The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director’s independence

K Arnold and A Holmes are Directors on another bank board, Birmingham Bank Ltd. Afin has considered this and are satisfied that the Directors act independently and in support of three additional Independent Non-Executive Directors.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Provision 18

All directors should be subject to annual re-election. The Board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

In accordance with Article 18.4 of its Articles of Association of the Bank. The Independent Non-Executive Directors are appointed for a three-year term. At the end of this term an annual re-election is conducted at the Annual General Meeting.

The main principles of the Code and the Board's assessment of compliance by the Company are set out below:

Code Principle

Leadership

The Role of the Board

Every company should be headed by an effective board which is collectively responsible for the long-term success of the company

How the company applies it

- The Board has been structured to ensure that the correct mix of skills and experience are in place to allow it to operate effectively;
- Board meetings are scheduled regularly, with supplementary meetings held as required. A rolling plan of items for discussion is reviewed regularly so that all matters reserved to the Board, with others as appropriate, are discussed;
- The structure and business of the Board is designed to ensure that the Directors focus on the strategy, monitoring, governance and performance of the Company;
- There is a clear schedule of Matters Reserved for the Board for decision making which includes; setting and reviewing the Bank's long-term objectives, commercial strategy, business plan and annual budget; overseeing operations and management; governance and risk control issues and major capital projects.

Division of Responsibilities

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business

- The roles of Board Chair and Chief Executive are not held by the same individual;
- The division of responsibilities between the two roles is set out in writing and is reviewed by the Board annually so it remains relevant and accurate;
- The Chair's role is to lead and manage the Board, and to play a role in facilitating the discussion of the Company's strategy by the Board;
- The Chief Executive Officer with the Executive is responsible for the day-to-day management of the Company's operational activities, and for the proper execution of strategy, as set by the Board;
- There is no dominant individual or group of individuals on the Board unduly influencing its collective decision-making ability.

Independence of Tenure

The tenure of an Independent Director shall be limited

The tenure of an Independent Director shall be limited to a cumulative term of nine (9) years from the date of first appointment without further extension. Upon completion of nine (9) years tenure, an Independent Director will vacate his/her Board seat from the Company.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

The Chair

The Chair is responsible for leadership of the board and ensuring its effectiveness

- With support from the Company Secretary, the Chair has full responsibility for setting the Board's agenda;
- The Chair sets the meeting timetable, actively encourages contributions from all Directors in Board meetings, and is responsible for ensuring that constructive interaction is on-going between the individual members of the Board.

Non-Executive Directors

As part of their role as members of a unitary board, Non-Executive Directors should constructively challenge and help develop proposals on strategy

- The Chair encourages an open environment in Board meetings and ensures that Non-Executive Directors are provided with adequate time and opportunity in such meetings to give their views and challenge the Executive Directors;
- The Senior Non-Executive Director acts as an intermediary between the Chair and the other Directors.

Effectiveness

The Composition of the Board

The board should have a balanced mix of skills, experience, knowledge and independence to enable them to discharge their responsibilities and duties effectively

- The Board has been structured to ensure that correct mix of skills and experience are in place to allow it to operate effectively;
- The Board currently has five independent Non-Executive Directors and two Shareholder Directors;
- The composition of the Board is reviewed by the Nomination Committee to ensure it has the appropriate balance of skills, experience and knowledge of the Company.

Appointments to the Board

There should be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board

- Appointment of new Directors to the Board is led by the Remuneration and Nomination Committee which has the responsibility for nominating candidates for appointment as Directors to the Board, bearing in mind the need for diversity and a broad representation of skills across the Board;
- Further detail on the work of the Remuneration and Nomination Committee can be found on page 21.

Commitment

All Directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively

- The time commitment required from each Director is stipulated within their letter of appointment and discussed openly between the Chair and relevant Director;
- The Remuneration and Nomination Committee is responsible for considering on an annual basis, whether each Director is able to devote sufficient time to their duties.

Development

All Directors should receive an induction on joining the board and should regularly update and refresh their skills and knowledge

- New Directors will receive an induction pack which contains information on the Bank's business, its structure and operations, Board procedures, corporate governance related matters and details regarding Directors' duties and responsibilities;
- All new Directors are introduced to the Executive Team;
- As part of the Board Evaluation process, training and development needs are considered and training courses are arranged, where appropriate.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Information and Support

The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties

- The Chair, with the assistance of the Company Secretary, ensures that the Directors receive accurate, timely and clear information;
- All Directors receive appropriate documentation in advance of each Board and Committee meeting including detailed briefings on all matters which enables them to discharge their duties effectively in considering a matter and reaching a decision on it;
- The Board has an annual rolling plan of items for discussion which is reviewed and adapted regularly to ensure all matters reserved to the Board, with other items as appropriate, are discussed. At each meeting, the Chief Executive Officer updates the Board on the Bank's financial performance, key operational developments, the Company's relationship with investors and potential investors and shareholder analysis;
- Meeting proceedings and any unresolved concerns expressed by any Director are minuted by the Company Secretary. Other members of management are also invited to attend Board meetings to present on specific business issues and proposals. This way the Board is given the opportunity to gain a more in-depth understanding of key areas of the business. External speakers are also invited to present to the Board on topical industry issues. All of these topics lead to discussion, debate and challenge amongst the Directors.

Evaluation

The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors

- The Remuneration and Nomination Committee instructed an evaluation of the composition and effectiveness of the Board of Afin and its Committees be undertaken by an external provider;
- The Chair met with the Non-Executive Directors during the year without the Executive Directors present to discuss Board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate. Led by the Senior Independent Director, the Non-Executive Directors also met during the year without the Chair present to appraise his performance and to discuss any other necessary matters as appropriate.

Accountability

Financial and Business Reporting

The board is to present a fair and understandable assessment of the company's position & prospects

- The Directors' report is set out in full in the Annual Report and Accounts. This includes an explanation concerning the Directors' responsibility for preparing the Annual Report and Accounts and a statement that the Directors' consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- The Strategic Review section of the Company's Annual Report and Accounts set outs the strategic objectives of the Company and how these will be delivered and the details of the business model to describe how the Company will generate and preserve value over the longer term.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Risk Management and Internal Control

The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems

- A section explaining the Risk and Uncertainties is set out in the Strategic report and the Board takes overall responsibility for risk management with a particular focus on determining the nature and extent of the significant risk it is willing to take in achieving its strategic objectives ("risk appetite");
- The activities of the Audit Committee are set out on page 21;
- The Board has overall responsibility for maintaining and reviewing the Banks's systems of internal control and ensuring that the controls are robust and effective in enabling risks to be appropriately assessed and managed;
- On behalf of the Board, the Audit Committee conducts an annual review of the effectiveness of the systems of internal control including financial, operational and compliance controls and risk management systems.

Audit Committee and Auditors

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors

- The Board, through the Audit Committee, ensures the integrity of the financial statements and oversees the effectiveness of the risk management and internal control systems;
- The Audit Committee engages with external auditors to assess financial reporting, compliance, and internal controls;
- The Risk Committee maintains a robust framework to manage risks in alignment with its risk appetite, as reviewed and approved by the Board;
- The Chair of the Audit Committee regularly provides an update on the work carried out by the Audit Committee to the Board.

Remuneration

The Level and Components of Remuneration

Executive Directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied

- The Board delegates responsibility for setting appropriate levels of remuneration for its Executive Directors to the Remuneration and Nomination Committee;
- An appropriate alignment of interests between Executive Directors and shareholders through remuneration is a key goal of the Remuneration and Nomination Committee, and an underlying principle for its decision-making.

Procedure

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding their own remuneration

- The Remuneration and Nomination Committee oversees the process and procedures for the development of policies on executive remuneration within which no Director is involved in regard to their own situation.

Relations with Shareholders

Dialogue with shareholders

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place

- The Board recognises and values the importance of updating the Company's shareholders through the Shareholder Directors attending Board meetings, quarterly Board reporting and regular interactions with the Chairman and Executives from the shareholders ;
- Meetings are periodically held with Chairman of the Shareholder attending.
- The Chairman and Chief Executive are contactable to answer any queries the shareholders may have.

AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Constructive use of general meetings

The board should use general meetings to communicate with investors and to encourage their participation

- All of the Directors aim to attend the AGM and value the opportunity of addressing questions from the shareholder;
- In addition to the mandatory information required, a full, fair and balanced explanation of the business of all general meetings is sent in advance to shareholders.

At the date of this report the Board consists of one Executive and five Non-Executive Directors and two Shareholder Directors. The Board is responsible for the overall direction and strategy of the Bank and meets regularly throughout the year.

The Board has formally established a number of committees and agreed their terms of reference, as follows:

Remuneration & Nomination Committee

The principal function of the Remuneration and Nomination Committee is to determine the policy on Executive appointments and remuneration fill Board vacancies; to consider succession planning and to consider appropriate training for the Board. The committee consists of Jerry Loy, Huw Evans, Samuel Amankwah, Huw Evans, David Kenmir and Andrew Holmes as Chair. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for Executives normally comprises basic salary, bonus, benefits in kind and shares.

The CEO may be invited to attend the meetings.

Audit Committee

The Audit Committee consists of Huw Evans, Andrew Holmes, David Kenmir (with effect from 1 January 2025), Samuel Amankwah and Jerry Loy as Chair. The Audit Committee is responsible for overseeing the effectiveness of the Bank's internal environment, monitors the integrity of the financial statements and reviewing the Company's arrangements with its internal auditors and the independence and objectivity of the external auditors. It also reviews the application and appropriateness of the Company's accounting policies, including any changes to financial reporting requirements brought about by both external and internal requirements. The external auditors, internal auditors, Chief Executive Director, Chief Financial Officer and Chief Risk Officer and Chair of the Board may be invited to attend the meetings.

Risk & Compliance Committee

The Risk & Compliance Committee consists of Jerry Loy, Katrina Arnold, Andrew Holmes, Samuel Amankwah, Huw Evans (Chair until 19 February 2025) and David Kenmir as (Chair from 19 February 2025). The Board has delegated responsibility for oversight of the Bank's principal risks to the Board Risk Committee. This involves reviewing the aggregate risk profile of the Bank, including performance against risk appetite for all risk types and ensuring both the risk profile and the risk appetite remains appropriate. This committee oversees the development, implementation and maintenance of the Bank's Risk Management Framework, compliance with relevant regulations and law and proper functioning controls over the prevention of money laundering, bribery and fraud.

Executive Committee

The committee is led by the CEO. The committee is responsible for oversight of all delegated functions by the Board and the day-to-day operational business. In addition, it is responsible for ensuring the strategy of the Board is implemented and any issues that need to be communicated to the Board are recorded as such.

Internal control

The Board has overall responsibility for the framework of internal control established by the Bank and places critical importance on maintaining a strong control environment. This framework of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

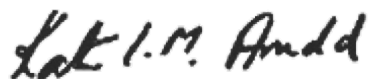
AFIN BANK LIMITED

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Detailed internal control procedures exist throughout the Bank's operations and compliance is monitored by management and through the Bank's Audit and the Executive Committees.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Katrina Arnold'.

Katrina Arnold
Chairman
22 April 2025

AFIN BANK LIMITED

BOARD AUDIT COMMITTEE (BAC) REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Committee's Roles and Responsibilities

The BAC is a key element of the Bank's corporate governance. It monitors the integrity of the financial statements and the effectiveness of internal controls and oversees internal and external audit. The Committee's primary functions are:

- Monitoring the integrity of the financial statements and the financial reporting process
- The appropriateness and completeness of the system of internal control and ensuring that the system of internal control is adequately resourced (including controls for outsourced providers)
- Reviewing the manner and framework in which management ensures / monitors the adequacy of the nature, extent and effectiveness of internal control systems (including accounting control systems)
- Advising the Board (in close liaison with the Board Risk and Compliance Committee) in relation to the Bank's risk appetite and setting standards for the Bank's risk control framework
- Oversight of the relationship with the internal and external auditors

Key topics discussed by the Committee in 2024 financial reporting:

The Committee undertook the following core activities, which were considered and approved during the year:

- Assess the integrity of the annual financial statements, with a focus on key accounting policies and judgements
- Review the clarity and completeness of disclosures in the financial statements to ensure compliance with accounting standards, legal requirements and regulations
- Review the statement in the Annual Report and Accounts on the internal controls and to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks
- Review the Board and management's approach to, and assessment of, the ability to remain as a going concern
- Review the annual budget and five-year business plan
- Horizon scanning for upcoming accounting changes that may impact financial operations and planning
- Approval of the internal audit plan
- Approval of the BAC terms of reference

I would particularly like to thank the finance team for the outstanding work they have done over this year and look forward to tackling new challenges and opportunities together in 2025.

Jerry Loy

Chair of the Board Audit Committee

AFIN BANK LIMITED

BOARD RISK AND COMPLIANCE COMMITTEE (BRCC) REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Committee's Roles and Responsibilities

The BRCC is a key element of the Bank's corporate governance. The BRCC's purpose is to assist the Board in carrying out its responsibilities in relation to the oversight of risk within the Bank. It is the responsibility of the Committee to provide advice to the Board on risk strategy, including the oversight of current risk exposure of the Bank through the Bank's risk appetite, risk profile and overall effectiveness of the Risk Management Framework. The Committee's primary functions are:

- Approve (ahead of Board approval where relevant) risk strategy and risk appetites for the Bank
- Oversee all major risks to the Bank including (where appropriate) those matters under the Senior Managers & Certification Regime, including safeguarding the independence and overseeing the performance of the Risk and Compliance functions
- Provide advice, oversight, and challenge necessary to embed and maintain a supportive risk culture
- Seek any information it requires from any employee of the Bank in order to perform its duties

Key topics discussed by the Committee in 2024

The Committee undertook the following core activities, which were considered and approved during the year:

Strategy & Risk Appetite	• Approval of Risk Management Framework and Risk Management Strategy including the Bank's Risk Appetite Statement • Approval of the Compliance Monitoring Plan • Effectiveness review • Approval of terms of reference
Policy	• Approval of key policies including: Risk Management Policy, Consumer Duty Policy, Vulnerable Customers Policy, Conduct Risk Policy and Conflicts of Interests Policy
Risk Management	• Review of product governance for launching retail mortgages and deposits • Approval of the Bank's Compliance Manual
Risk Monitoring	• Review of risk exposure relative to appetite and tolerance measures • Review of CRO's report • Horizon scanning

I would particularly like to thank the risk and compliance team for the outstanding work they have done over this year and look forward to tackling new challenges and opportunities together in 2025.

David Kenmir

Chair of the Board Risk and Compliance Committee

AFIN BANK LIMITED

BOARD REMUNERATION AND NOMINATION COMMITTEE (BRNC) REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Committee's Roles and Responsibilities

The BRNC ensures the Board and Senior Executive team retain an appropriate balance of skills to support the Bank's strategic objectives. The Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of all staff within the required regulatory framework.

The Committee's primary functions are:

- Approve (ahead of Board approval where relevant) total reward (fixed and variable pay) for the Bank that mandates it to achieve Board approved outcomes whilst protecting outcomes for stakeholders.
- Provide advice, oversight, and challenge necessary to embed and maintain a supportive culture throughout the Bank.
- Seek any information it requires from any employee of the Bank to perform its duties.

Key topics discussed by the Committee in 2024

During the year, the Committee has:

- Recommended the appointment of one Non-Executive Director and three members of the Executive team. All appointments were subject to extensive external checks and, where necessary, regulatory approval.
- Reviewed and agreed the succession plans for both the Board and Senior Management.
- Evaluated the diversity of skills and experience among the Board and Senior Management.
- Had oversight of the activities undertaken by the Executives in relation to reward.
- Agreed a bonus plan for the year.
- Developed a long-term share incentive plan.
- Considered the annual pay review for all eligible employees.
- Approved of the BRNC terms of reference.

I would particularly like to thank the HR team for the outstanding work they have done over this year and look forward to tackling new challenges and opportunities together in 2025.

Andrew Holmes

Chair of the Board Remuneration and Nomination Committee

AFIN BANK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the annual report and the 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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AFIN BANK LIMITED**

For the purpose of this report, the terms “we” and “our” denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Afin Bank Limited. For the purposes of the table on page 28 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA. The “Company” is defined as Afin Bank Limited. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements of Afin Bank Limited for the year ended 31 December 2024. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 1 to 27 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Company’s financial statements is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

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

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ to adopt the going basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors’ assessment of the entity’s ability to continue to adopt the going concern basis of accounting included:

- Using our knowledge of the strategic objectives of the Company and the general economic environment to identify inherent risks in the business model and how such risks might affect the financial resources or ability to continue operations as a going concern.
- Evaluating management’s going concern assessment including the Company’s capital and liquidity position, including review of internal capital adequacy and stress testing models.
- Reviewing current and forecast performance, including assessing of the reasonableness of the key assumptions applied.
- Reviewing the capital funding arrangements of the Company, including the additional capital resources required to meet its business objectives, the expected timing of receipt of those capital resources and the ability of the Company to deploy those resources in line with its forecasts.
- Obtained and reviewed, board resolutions of the Parent Company to corroborate the commitment to provide capital resources to the Company.
- Obtained and reviewed letter of support issued by the Parent Company to the Directors of the Company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AFIN BANK LIMITED

- Agreed to bank statement capital investment receipts received from the Parent Company up to March 2025.
- Inspecting correspondence with the Prudential Regulatory Authority ("PRA") and Financial Conduct Authority ("FCA") for matters that may impact the going concern assessment.
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

Overview of our audit approach

Scope	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.	
First year transition	We developed a detailed audit transition plan, designed to deliver an effective transition from the Company's predecessor auditor. Our transition focused on obtaining an understanding of the Company's system of internal control, understanding the business model of the Company, and evaluating the Company's accounting policies and areas of accounting judgement. We held meetings with senior management and attended Audit Committee meetings.	
Materiality	£153,599	Based on 1% of net assets
Key audit matter	- Going concern	

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AFIN BANK LIMITED

Going concern	
Key audit matter description	As stated in the in the Directors' report, the Company is in the process of developing IT systems and processes and seeking regulatory authorisation to launch and operate a UK retail Bank. During this phase, the Company is dependent on the ongoing support from its Parent Company, through the provision of capital resources. The financial statements have been prepared on a going concern basis as set out in note 1.2 of the financial statements. We considered going concern as a key audit matter on the basis that the Company is still in its development phase and is yet to launch its revenue earning activities.
How the scope of our audit responded to the key audit matter	Our audit procedures in respect of going concern are set out in the "conclusions relating to going concern" section of our audit report.
Key/observations communicated to the Audit Committee	Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £153,599 which was determined on the basis of 1% of net assets of the Company. This was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £107,520 which represents 70% of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £7,680 to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the company which are relevant to our audit, such as those relating to the financial reporting cycle.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AFIN BANK LIMITED

Climate-related risks

In planning our audit and gaining an understanding of the Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks. We have agreed with management's assessment that climate-related risks are not material to these financial statements.

Reporting on other information

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

We have nothing to report in this regard.

Strategic report and Directors report

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

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

In the light of the knowledge and understanding of the 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.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern and that part of the Corporate Governance Statement relating to the Company's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 12;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 5;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 12;
- Directors' statement on fair, balanced and understandable set out on page 26;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 6;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 20; and
- Section describing the work of the Audit Committee set out on page 21;

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AFIN BANK LIMITED

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

Identifying and assessing potential risks arising from irregularities, including fraud

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AFIN BANK LIMITED

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries and creating fictitious transactions to hide losses or to improve financial performance.

Audit response to risks identified

In respect of the above procedures:

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

Other requirements

We were appointed by the Directors on 16 April 2025 to audit the financial statements for the year ended 31 December 2024 and subsequent years. These are the first financial statements for which we have provided statutory audit services.

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

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.



Ahmer Khan

(Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

22 April 2025

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

AFIN BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Staff costs	3	3,941,455	1,088,800
Depreciation	5	142,504	21,488
Amortisation of intangibles		23,179	-
Other operating costs		2,149,595	657,645
Total operating expenses		(6,256,733)	(1,767,933)
Operating loss	5	(6,256,733)	(1,767,933)
Finance income	7	75,152	8
Finance costs	8	(11,970)	(1,263)
Loss before taxation		(6,193,551)	(1,769,188)
Income tax expense	9	-	-
Loss for the year		(6,193,551)	(1,769,188)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Treasury asset revaluation		67,382	-
Total items that will not be reclassified to profit or loss		67,382	-
Total other comprehensive income for the year		67,382	-
Total comprehensive income for the year		(6,126,169)	(1,769,188)

The notes on pages 37 to 55 form part of these financial statements.

AFIN BANK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024	2023
	Notes	£	£
Assets			
Cash and cash equivalents		3,155,921	971,678
Treasury assets	10	9,767,797	-
Receivables	11	450,628	166,804
Prepayments	12	372,022	50,123
Property, plant and equipment	13	57,172	22,098
Right-of-use assets	13	967,204	130,091
Intangible assets	14	2,657,199	12,000
Total assets		17,427,943	1,352,794
Liabilities			
Trade and other payables	15	1,102,894	260,524
Lease liabilities	16	965,184	130,091
Total liabilities		2,068,078	390,615
Net assets		15,359,865	962,179
Equity			
Called up share capital	18	23,614,036	3,357,807
Revaluation reserve		67,382	-
Share based payment	19	267,626	-
Retained earnings		(8,589,179)	(2,395,628)
Total equity		15,359,865	962,179

The notes on pages 37 to 55 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 April 2025 and are signed on its behalf by:



J S Oakley
Director

Company registration number 13090556 (England and Wales)

AFIN BANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital £	Revaluation reserve £	Share based payment £	Retained earnings £	Total £
Balance at 1 January 2023		590,654	-	-	(626,440)	(35,786)
Year ended 31 December 2023:						
Loss and total comprehensive income		-	-	-	(1,769,188)	(1,769,188)
Transactions with owners:						
Issue of share capital		2,767,153	-	-	-	2,767,153
Balance at 31 December 2023		3,357,807	-	-	(2,395,628)	962,179
Year ended 31 December 2024:						
Loss		-	-	-	(6,193,551)	(6,193,551)
Other comprehensive income:						
Treasury asset revaluation		-	67,382	-	-	67,382
Total comprehensive income		-	67,382	-	(6,193,551)	(6,126,169)
Transactions with owners:						
Issue of share capital	18	20,256,229	-	-	-	20,256,229
Share based payment		-	-	267,626	-	267,626
Balance at 31 December 2024		23,614,036	67,382	267,626	(8,589,179)	15,359,865

The notes on pages 37 to 55 form part of these financial statements.

AFIN BANK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash absorbed by operations	26	(5,854,403)		(1,746,327)	
Net cash outflow from operating activities		(5,854,403)		(1,746,327)	
Investing activities					
Purchase of intangible assets		(2,668,378)		(12,000)	
Purchase of property, plant and equipment		(52,008)		(19,717)	
Purchase of investments		(9,700,415)		-	
Finance income		75,152		8	
Net cash used in investing activities		(12,345,649)		(31,709)	
Financing activities					
Proceeds from issue of shares		20,523,855		2,767,153	
Payment of lease liabilities		(134,783)		(23,509)	
Finance cost		(4,777)		(1,263)	
Net cash generated from financing activities		20,384,295		2,742,381	
Net increase in cash and cash equivalents		2,184,243		964,345	
Cash and cash equivalents at beginning of year		971,678		7,333	
Cash and cash equivalents at end of year		3,155,921		971,678	

The notes on pages 37 to 55 form part of these financial statements.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Material Accounting Policies

Company information

Afin Bank Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lower Ground Floor, 10 Chiswell Street, London, EC1Y 4UQ. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future. This is taken as a minimum of 12 months from the date of approval of the financial statements.

Following obtaining a banking licence with restrictions in October 2024, Afin are currently in the mobilisation phase of its development. The Bank is required to meet a number of conditions set by the PRA and FCA to support the removal of their deposit restrictions. The statutory period to satisfy these conditions is 12 months and Afin are on track to meet the requirements ahead of the deadline later this year, at which point the bank will be in a position to launch its deposit and lending.

In assessing going concern, the directors have considered the current Statement of Financial Position, the financial projections, the longer-term strategy of the business and future capital injections from the principal shareholder. The principal shareholder has provided a letter of support to the Directors of the Company in respect of the principal shareholder's commitment to provide capital resources to the Company.

1.3 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	5 year straight line
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1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer equipment	3 years straight line
Right of use asset	Over the term of its lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Material Accounting Policies

(Continued)

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Bank transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial asset investments under IFRS 9

The Bank holds investments in government securities, including UK gilts and Treasury bills, as part of its treasury management strategy. These financial assets are classified as debt instruments measured at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9 – Financial Instruments.

These investments are held under a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, the investments are measured at fair value with subsequent changes in fair value recognised in other comprehensive income (OCI).

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Material Accounting Policies

(Continued)

Financial assets are initially recognised on the trade date at fair value plus any directly attributable transaction costs. These assets are derecognised when the contractual rights to the cash flows from the investments expire or are transferred, and the Bank has transferred substantially all the risks and rewards of ownership.

The Bank applies the expected credit loss (ECL) model to assess impairment for gilts and T-bills. This involves estimating potential losses over the next 12 months or the lifetime of the asset, depending on whether there has been a significant increase in credit risk.

Given the low credit risk associated with UK government securities, the Bank adopts the simplified approach for low-risk assets, focusing primarily on 12-month ECLs unless significant deterioration occurs.

Fair value measurement

The fair value of gilts and Treasury bills is determined based on quoted market prices in active markets (Level 1 in the fair value hierarchy). Changes in fair value are recognised in OCI

At the reporting date, the fair value of financial asset investments are:

UK Gilts	£5,813,980
Treasury Bills	£3,953,817

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Capital management

The Bank is required to maintain a regulatory minimum capital as prescribed by the Individual Capital Guidance (ICG) which is based on Pillar 1 and 2 capital and other requirements.

The Bank manages its capital through an Internal Capital Adequacy Assessment Process ("ICAAP") and regular monitoring of the capital requirements based on the business profile. The Bank manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. Further details of the share capital are shown in note 18.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Material Accounting Policies

(Continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in, future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

2 Critical accounting estimates and judgements

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

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

The Bank applies the expected credit loss (ECL) model to assess impairment for gilts and T-bills. This involves estimating potential losses over the next 12 months or the lifetime of the asset, depending on whether there has been a significant increase in credit risk. Given the low credit risk associated with UK government securities, the Bank adopts the simplified approach for low-risk assets, focusing primarily on 12-month ECLs unless significant deterioration occurs.

The directors do not consider there to be any key sources of estimation uncertainty or judgements

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Management	11	6
Operational	16	6
Total	27	12

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	3,355,591	960,766
Social security costs	367,785	116,215
Pension costs	218,079	11,819
Share based awards	-	-
	3,941,455	1,088,800

4 Directors' remuneration

	2024 £	2023 £
Remuneration for qualifying services	627,910	245,412
Company pension contributions to defined contribution schemes	19,684	6,367
	647,594	251,779

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2023: 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2024 £	2023 £
Remuneration for qualifying services	347,079	55,416
Company pension contributions to defined contribution schemes	19,864	6,367

5 Operating loss

	2024 £	2023 £
Operating loss for the year is stated after charging/(crediting):		
Staff costs	3,941,455	1,088,800
IT & software	928,409	45,103
Consultancy fees	380,228	276,803
Legal and professional fees	232,284	166,504
Audit fees	30,000	8,760
Depreciation of property, plant and equipment	142,504	21,488
Amortisation of intangible assets	23,179	-
Other costs	578,674	160,475

6 Auditor's remuneration

	2024 £	2023 £
Fees payable to the company's auditor and associates (inclusive of VAT):		
For audit services		
Audit of the financial statements of the company	30,000	8,760

Audit fees for the year are due to MHA (2023: MGI Midgley Snelling LLP).

7 Finance income

	2024 £	2023 £
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	-	8
Other interest income on financial assets	75,152	-
Total interest revenue	75,152	8

Income above relates to assets held at amortised cost, unless stated otherwise.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

8 Finance costs

	2024 £	2023 £
Other interest payable	11,970	1,263

9 Tax Expense

	2024 £	2023 £
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2024 £	2023 £
Loss before taxation	(6,193,551)	(1,769,188)
Expected tax credit based on a corporation tax rate of 25.00% (2023: 23.52%)	(1,548,388)	(416,113)
Effect of expenses not deductible in determining taxable profit	511	336
Unutilised tax losses carried forward	1,552,536	420,052
Other non-reversing timing differences	1,798	949
Capital allowances in excess of depreciation	22,624	(1,004)
ROU rental costs deducted	(33,696)	(4,220)
Other timing differences	4,615	-
Taxation charge for the year	-	-

The effective corporation tax rate for the year ended 31 December 2024 was 25.00% (2023: 23.52%). The Finance Bill published on 19 December 2024 announced that the corporation tax rate would continue at 25.00% for profits over £250k and 19% for companies with profits under £50k.

The company has unused losses of £2,412,433 (2023: £2,412,433) carried forward at the period end. No deferred tax asset has been recognised at the year end as there is no certainty that there will be sufficient profits in the foreseeable future. This resulted in a potential deferred tax asset of £597,584 (2023: £597,584) not being recognised. There is no expiry date in relation to the carried forward losses.

10 Treasury Assets

	Current 2024 £	2023 £	Non-current 2024 £	2023 £
Listed investments	-	-	9,767,797	-

The Bank holds investments in government securities, including UK gilts and Treasury bills, as part of its treasury management strategy. Investments are carried at market value.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

10 Treasury Assets (Continued)

Movements in Treasury Assets

	Investments £
Cost or valuation	
At 1 January 2024	-
Additions	9,700,415
Fair value adjustments through OCI	67,382
At 31 December 2024	9,767,797
Carrying amount	
At 31 December 2024	9,767,797
At 31 December 2023	-

Maximum Exposure to Credit Risk

The table below shows the Bank's maximum exposure to credit risk by class of financial asset and internal risk rating:

	Treasury Assets £
Gross exposure	9,767,797
Allowance for credit loss	-
Net exposure	9,767,797

Given the low credit risk associated with UK government securities, the Bank adopts the simplified approach for low-risk assets, focusing primarily on 12-month ECLs unless significant deterioration occurs.

11 Receivables

	Current 2024 £	2023 £	Non-current 2024 £	2023 £
Other receivables	450,628	147,604	-	19,200

Due to the short-term nature the carrying value approximates the fair value.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Prepayments

	2024 £	2023 £
Prepayments	372,022	50,123

Due to the short-term nature the carrying value approximates the fair value.

13 Property, plant and equipment

	Computer equipment £	Right of use asset £	Total £
Cost			
At 1 January 2023	508	-	508
Additions	25,281	148,036	173,317
At 31 December 2023	25,789	148,036	173,825
Additions	52,008	962,683	1,014,691
At 31 December 2024	77,797	1,110,719	1,188,516
Accumulated depreciation and impairment			
At 1 January 2023	148	-	148
Charge for the year	3,543	17,945	21,488
At 31 December 2023	3,691	17,945	21,636
Charge for the year	16,934	125,570	142,504
At 31 December 2024	20,625	143,515	164,140
Carrying amount analysed between owned assets and right-of-use assets			
At 31 December 2024			
Owned assets	57,172	-	57,172
Right-of-use assets	-	967,204	967,204
	57,172	967,204	1,024,376
At 31 December 2023			
Owned assets	22,098	-	22,098
Right-of-use assets	-	130,091	130,091
	22,098	130,091	152,189

See note 16 for information on the right-of-use asset.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

14 Intangible assets

	Software £
Cost	
Additions	12,000
At 31 December 2023	12,000
Additions - purchased	2,668,378
At 31 December 2024	2,680,378
Amortisation and impairment	
Charge for the year	23,179
At 31 December 2024	23,179
Carrying amount	
At 31 December 2024	2,657,199
At 31 December 2023	12,000

15 Trade and other payables

	2024 £	2023 £
Trade payables	67,594	18,861
Accruals	854,693	99,580
Social security and other taxation	180,607	130,578
Other payables	-	11,505
	<u>1,102,894</u>	<u>260,524</u>

Due to the short-term nature the carrying value approximates the fair value.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Lease liabilities

Leases

The Bank's lease liabilities as of December 2024 comprise leases entered into for office premises.

In 2024, the Bank signed a 3 year lease for its head office at Chiswell Street, London effective from 23 December 2024. The Bank also signed a 2 year lease for its operations office in Temple Row, Birmingham effective from September 2024.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Interest rates are fixed at the contract date, unless certain modifications or reassessment occur.

Right-of-use assets

The changes in the carrying value of right-of-use assets were as follows:

	Property lease £
At 1 January	130,091
Additions	962,683
Amortisation for the year	(125,570)
At 31 December	967,205
	Lease liabilities £
At 1 January	130,091
Additions	962,683
Interest expense	7,193
Lease payments	(134,783)
At 31 December	965,184

17 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £218,079 (2023: £11,819)

Amounts due in relation to the defined contribution pension scheme as at 31 December 2024 were £22,497 (2023: £4,036).

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

18 Share capital

	2024 Number	2023 Number	2024 £	2023 £
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of £1.00 each	23,547,055	3,357,807	23,547,055	3,357,807
B Ordinary shares of £0.01 each	6,698,060	-	66,981	-
	<u>30,245,115</u>	<u>3,357,807</u>	<u>23,614,036</u>	<u>3,357,807</u>

Each A Ordinary share is entitled to one vote and each B Ordinary share is entitled to one vote, but during the B Ordinary share period, the number of votes attached to all the B Ordinary shares is restricted to the lower of the B Ordinary share percentage cap and the number of votes if Article 27.4 did not apply.

Each A Ordinary share and each B Ordinary share have equal rights to dividends.

On any liquidation event the B Ordinary shares are entitled to first be paid an amount equal to the subscription price paid and any surplus is paid to the holders of the A Ordinary shares.

Total proceeds in the period from issue of shares is £20,523,855.

Reconciliation of movements during the year:

	A Ordinary Number	B Ordinary Number
At 1 January 2024	3,357,807	-
Issue of fully paid shares	20,189,248	66,981
At 31 December 2024	<u>23,547,055</u>	<u>66,981</u>

During the year all A Ordinary £1.00 shares were issued at par and the B Ordinary £0.01 shares were issued at £0.05.

19 Share-based payments

The fair value of the options granted subject to non-market performance conditions are determined using a Black-Scholes model.

The inputs for the models are as follows:

	Number of share options		Average exercise price	
	2024 Number	2023 Number	2024 £	2023 £
Outstanding at 1 January 2024	-	-	-	-
Granted in the period	6,698,060	-	0.05	-
Outstanding at 31 December 2024	<u>6,698,060</u>	<u>-</u>	<u>0.05</u>	<u>-</u>

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 Share-based payments

(Continued)

The weighted average fair value of options granted during the year was £0.05.

	2024
Expected life (years)	5
Expected Volatility Rate (%)	47.00%
Risk Free Rate (%)	4.65%

The underlying expected volatility was determined by reference to historical data of the Company's selected comparators' shares over a period relevant to the expected remaining term of the share option grants.

During the year ended 31 December 2024, £nil was charged to the Statement of Comprehensive Income in relation to these options.

The share based award is the fair value of c.£0.05 per share equating to £334,607, less the nominal share value of £0.01 per share being £66,981.

20 Capital risk management

For the purposes of capital management, capital includes issued share capital. The primary objective of the directors' capital management is to ensure that the company will be able to continue as a going concern while sustaining the future development of the business.

As at 31 December 2024, capital resources were made up of CET1 capital, the highest quality of capital, consisting of ordinary share capital, associated share premium and allowable reserves. The Bank's objectives when managing capital are to: (i) safeguard the Bank's ability to continue as a going concern and thereby to provide returns for shareholders and benefits for other stakeholders; (ii) maintain a strong capital base and utilise it efficiently to support the development of its business; and (iii) comply with the regulatory capital requirements set by the PRA.

The Bank undertook an internal capital adequacy assessment process ('ICAAP') as part of obtaining its banking licence in October 2024 and this will be re-assessed on an annual basis. During the periodic supervisory review and evaluation process ('SREP'), the PRA assesses the ICAAP and sets the total capital requirement ('TCR').

Capital adequacy and the use of regulatory capital are monitored by the management and Board. The Bank is required to maintain appropriate levels of capital in accordance with total capital requirements issued by the PRA. For more information on the Bank's capital management, please refer to the Pillar 3 Disclosures, which can be found on the company website.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Financial risk management

Risk is an inherent part of the business activities. The company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, focusing on activities during the application process for a UK banking licence in accordance with defined policies and procedures. A key component of our approach to capital management is to ensure that the company's policies are aligned with the company's overall strategy, business plans, risk management framework and risk appetite.

The main financial risk is, following obtaining the banking licence in October 2024, that the company is not successful or that there is significant delay in meeting the conditions for the lifting of restrictions, impacting the available financial resources and business strategy. Other financial risks arising include liquidity risk, credit risk and market risks (price and interest rate risk).

Liquidity risk

Liquidity risk is the risk that the company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The company maintains adequate levels of liquidity and ensures that it maintains sufficient levels of liquidity to meet foreseeable and unexpected needs. Policies and procedures are in place to manage liquidity risk. Limits for the level, type and maturity of liquidity are set by the board. The level of liquidity is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding, enabling the company to meet all financial obligations and to support anticipated growth.

The overall objective of liquidity risk management is to ensure that the Bank has adequate liquid resources to meet its obligations as and when they fall due, at all times. It has in place a Board approved Individual Liquidity Adequacy Assessment Process ("ILAAP") that enables monitoring and management of the Bank's liquidity risk. The Bank's policy is to monitor liquidity risk metrics including the Individual Liquidity Guidance ("ILG"), survival days, liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR") along with other balance sheet ratios on a daily basis. The Treasury department is responsible for the daily liquidity risk management with daily reporting to the executive directors and Finance, and is monitored monthly through the Bank's Asset and Liability Committee ("ALCO"). Where required, appropriate action will be proposed by the department for management's approval and subsequent action within agreed timescales to ensure that the Bank remains within its Regulatory and Board limits at all times.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Financial risk management

(Continued)

Credit risk

Credit risk is the risk of financial loss to the company if a counterparty fails to meet its contractual obligations to repay the company in accordance with agreed terms. Credit risk is managed in relation to its cash reserves to reduce the risk of financial loss. The risk is managed by review and diversification of where bank deposits are held in UK clearing banks with credit risk is low (one credit step from UK Sovereign) and where possible and by monitoring the position in relation to the satisfaction of debt balances.

Given the low credit risk associated with UK government securities, the Bank adopts the simplified approach for low-risk assets, focusing primarily on 12-month ECLs unless significant deterioration occurs.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. A substantial part of the Bank's interests bearing assets are at fixed interest rates. All fixed interest bearing assets are short term UK gilts UK treasury bills. Interest rate risk is managed principally through active monitoring of mismatch gaps.

Cash and cash equivalents

0-3 months	£ 3,155,921
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Treasury Assets

0-3 months	3,953,817
4-6 months	-
7-12 months	1,982,000
12 months +	3,831,980

Total	9,767,797
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22 Events after the reporting date

Since the reporting date, 3,600,000 A ordinary shares were issued at £1.00 per share (£3.6m) on 21 January 2025 and 2,000,000 A ordinary shares were issued at £1.00 per share (£2.0m) on 21 March 2025 to its parent company WAICA Reinsurance Corporation PLC.

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including the executive management team, directors (executive and non-executive directors), is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2024 £	2023 £
Short-term employee benefits	1,625,852	272,373
Post-employment benefits	96,150	6,367
	<u>1,722,002</u>	<u>278,740</u>

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

23 Related party transactions

(Continued)

Other transactions with related parties

	Consultancy services	
	2024	2023
	£	£
Other related parties (J Loy)	-	21,600

During the year, amounts were loaned to the following employees. The movements during the year are noted below. All loans are repayable on demand and are interest free.

	Amount loaned	Repaid in year	Amount outstanding
Jason Oakley	128,695	83,143	45,552
Patrick Ferguson	60,058	40,095	19,963
Charles Resnick	60,058	38,822	21,236
Monica Velasquez	51,478	36,681	14,797
Alan Davison	17,159	17,159	-
Nicola Tunney	17,159	16,965	194
	<u>334,607</u>	<u>232,865</u>	<u>101,742</u>

Shares have been issued to the executive board during the year at £0.05 per share as follows.

	no. of shares
Jason Oakley	2,576,177
Patrick Ferguson	1,202,216
Charles Resnick	1,202,216
Monica Velasquez	1,030,471
Alan Davison	343,490
Nicola Tunney	343,490
	<u>6,698,060</u>

24 Controlling party

WAICA Reinsurance Corporation PLC (Registered office: 30 Junction, Hill Station, Freetown, Sierra Leone) is the ultimate parent company by virtue of its majority shareholding and they head the largest and smallest group for which consolidated accounts are prepared that include the company. Copies of the consolidated accounts can be found at the parent company's website www.waicare.com. No single ultimate shareholder has control over the company.

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

25 Outlook

During 2025, we will work with our consultants at Energise to further understand our carbon emissions and improve the accuracy of our data, as well as consider our pathway to Net Zero by 2050 at the latest in order to align our emissions reduction strategy with current climate science.

Going forward, as we align, our reporting will follow the four key pillars of the Task Force on Climate-related Financial Disclosures (TCFD). These are:

- Governance
- Strategy
- Risk Management
- Metrics & Targets

We believe that implementing these standards will improve our ability to measure and communicate sustainability risks and opportunities affecting the business, supporting our long-term commitment to net zero, sustainable finance, and responsible banking.

26 Cash absorbed by operations

	2024 £	2023 £
Loss for the year before income tax	(6,193,551)	(1,769,188)
Adjustments for:		
Finance costs	11,970	1,263
Finance income	(75,152)	(8)
Amortisation and impairment of intangible assets	23,179	-
Depreciation and impairment of property, plant and equipment	142,504	21,488
Movements in working capital:		
Increase in trade and other receivables	(605,723)	(210,068)
Increase in trade and other payables	842,370	210,186
Cash absorbed by operations	<u>(5,854,403)</u>	<u>(1,746,327)</u>

27 Analysis of changes in net funds

	1 January 2024 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2024 £
Cash at bank and in hand	971,678	2,184,243	-	-	3,155,921
Obligations under finance leases	(130,091)	134,783	(962,683)	(7,193)	(965,184)
	<u>841,587</u>	<u>2,319,026</u>	<u>(962,683)</u>	<u>(7,193)</u>	<u>2,190,737</u>

AFIN BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

27 Analysis of changes in net funds

(Continued)

	1 January 2023 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2023 £
Prior year:					
Cash at bank and in hand	7,333	964,345	-	-	971,678
Obligations under finance leases	-	23,509	(153,600)	-	(130,091)
	<u>7,333</u>	<u>987,854</u>	<u>(153,600)</u>	<u>-</u>	<u>841,587</u>