Alpha Bank London Limited

ANNUAL REPORT & FINANCIAL STATEMENTS

31 December 2024

Registered Company Number: 00185070

TABLE OF CONTENTS

OFFICERS AND COMPANY PARTICULARS

Board of Directors

Mark E. Austen	(Chair)
Greg Ellison	(Chief Executive Officer – appointed 04/04/2024)
Spyros N. Filaretos	(Resigned 13/03/2025)
Clodagh Gunnigle	
George Michalopoulos	
Michael Brierley	
Sanjiv Somani	(appointed 01/12/2024)

Company Secretary

Sue Cane

Risk & Compliance Committee

Michael Brierley	(Chair)
Mark E. Austen	
Clodagh Gunnigle	
Spyros N. Filaretos	(Resigned 13/03/2025)

Audit Committee

Michael Brierley	(Chair)
Clodagh Gunnigle	
Spyros N. Filaretos	(Resigned 13/03/2025)

Remuneration Committee

Clodagh Gunnigle	(Chair)
Mark E. Austen	
Michael Brierley	
Spyros N. Filaretos	(Resigned 13/03/2025)

Executive Committee *

Greg Ellison	(Chief Executive Officer)
Bill Kalpouzanis	(Chief Operating Officer)
Joe Neophitou	(Chief Commercial Officer)
Dan Barbalat	(Chief Risk Officer, Interim Chief Financial Officer)
Jennifer Peters	(Chief People Officer)
Nick Smith	(Chief Retail Banking Officer)

* Composition of Executive Committee at the date of signing the Annual Report and Accounts.

Registered Office

Capital House
85 King William Street
London EC4N 7BL
England
Tel: 020 7332 6767
Fax: 020 7332 0013

Registered Number
00185070 England

Financial Services Register Number
135327

Auditor
Deloitte LLP, Statutory Auditor, London, United Kingdom

CHAIRMAN'S STATEMENT

I am pleased to introduce Alpha Bank London Limited's 2024 Annual Report and Accounts following an exciting year in developing a future strategic plan whilst maintaining a strong core performance.

Strong lending growth has been achieved during the year, increasing the lending portfolio by £67m (20%). The Bank has been able to take advantage of competitive pricing and outstanding customer service to facilitate this growth and it has served to offset the decrease in net interest margin due to falling Bank of England base rates from 4.65% in December 2023 to 3.84% in December 2024.

This year, the Bank has been pleased to be able to expand its offering of deposit products for customers by introducing a one-year deposit product across three currencies.

During 2024, the Bank is proud to have developed a transformational programme which will facilitate the future strategic aim of becoming a community-based, digital retail bank.

2024 therefore saw an initial investment in costs relating to the new technology required for the creation of a new ecosystem as well as costs of new talent necessary to build and develop this future strategy. These costs will continue to be incurred at a significant rate in 2025.

The Bank raised capital in 2024 through the extension of a ten year, £10m subordinated debt, in order to facilitate the investment in the future growth strategy. The Bank does however anticipate lower capital ratios and profitability in 2025 as a result of the significant investment in the new digital bank combined with the expected fall in interest rates in the UK and US markets.

Asset quality remains strong because of credit discipline and the loan portfolio remains resilient to credit risk due to the Bank's conservative risk appetite. The Bank had only two credit-impaired, stage 3 loans in the portfolio at the end of 2024 (2023: nil). The Expected Credit Loss ("ECL") remained immaterial due to a low Loss Given Default ("LGD"). The loan collateral remains of good quality with an average Loan to Value ("LTV") across the portfolio of 48% (2023: 47%).

On behalf of the Board of Directors, I would like to express our thanks to our customers for their continued support and to our colleagues in the wider Alpha Bank Group who provide guidance and assistance to us in many ways. Finally, our thanks go to our great staff, whose commitment, professionalism and tremendous efforts to lay the foundations of our future business growth and to facilitate our future strategic growth are greatly appreciated by the Board.

Mark E. Austen
Chairman

16 April 2025

Capital House
85 King William Street
London EC4N 7BL

STRATEGIC REPORT

History

Alpha Bank London Limited ("ABL" or the "Bank") was originally founded in 1922 as the Commercial Bank of the Near East PLC, providing services to customers located in, or with links to, Greece and neighbouring regions. The Bank continues to serve the same communities, offering a range of commercial and private banking products to corporate and retail customers.

The Bank is a wholly owned subsidiary of Alpha Bank S.A. ("Alpha Bank" or the "Parent"). The Parent has operations in Greece, Cyprus, and Luxembourg and is one of the largest banks in Greece, operating from 272 branches.

Strategy

The Bank's overall strategy is to provide a range of banking services to its United Kingdom ("UK") and international customers, supporting their businesses whilst protecting their wealth. The Bank achieves these aims principally through the provision of:

- Secured loans for professional property investment and development purposes;
- Deposit and transactional accounts for retail and corporate customers; and
- Execution only services for private banking clients in securities and mutual funds, plus associated custody services.

The Bank's income is primarily derived from interest and fees earned on its lending and investment securities portfolio plus fees and commissions from securities and mutual fund transactions executed for customers.

The majority of the Bank's depositors and private banking customers are based in Greece, whilst the loan portfolio is predominantly comprised of loans secured against properties located in the London area. Our customers are typically high net worth individuals, and our borrowers are experienced in property investment.

During 2024 the Bank concluded a detailed strategic review which resulted in a decision to develop a community-based, digital, retail bank over the next few years. An important enabler of this future strategy was the decision to implement a new core banking system and in addition there has been significant investment in product, marketing and talent to build and launch the digital retail Bank.

The Bank is funded through customer deposits, share capital, retained reserves and a £10.0m subordinated loan which matured on 30 December 2024, and was replaced by a new 10-year subordinated loan (2023: £10.0m) from the Parent. The new subordinated loan was undertaken in order to support the future strategy. There is no other reliance upon any funding from wholesale counterparties or the Parent Group.

The future strategy confirms the strategic importance of the Bank to the group and demonstrates a firm commitment from the parent towards strengthening the Alpha Bank brand in the UK and delivering outstanding value to its customers.

Business Review

The Bank achieved a pre-tax profit for the year of £3.2m (2023: £8.3m). This decrease in profitability from 2023 is primarily due to costs in relation to the new technology ecosystem required to support the strategic goal of becoming a community-based, digital retail bank, the most significant of which were software licensing fees and professional fees, as well as additional costs for new talent and project management necessary for the transformation programme.

Total headcount at the end of 2024 was 79 (2023: 72).

Total assets increased by £32m to £485m, driven mainly by an increase of £67m in loans and advances to customers, facilitated by an increase in deposits from customer of £27m as well as a decrease in investment securities held of £36m.

The Bank's net equity increased from £66m to £68m reflecting the retained 2024 profit. The Bank's capital base for regulatory capital purposes also includes a £10m subordinated loan, from the Parent maturing in 2034 and totals £77.0m (2023: £67.9m). The capital base was higher than the minimum regulatory requirements throughout the year and it is the intention of the Bank to continue to maintain surplus capital resources in the future.

Customer loans increased by 20% during the year (2023:1.5%) from £330m to £397m with the new lending achieved through competitive pricing and customer focused relationships. There are two Stage 3 loans in the portfolio (2023: nil). Due to low LGD and high-quality collateral with an average LTV of 48% (2023: 47%), the Expected Credit Loss ("ECL") in the loan portfolio remains very low. The very low level of impairments is testament to the rigorous underwriting process when loans are approved and the ongoing monitoring of the portfolio. The Bank undertakes regular stress testing of the loan portfolio using plausible but severe assumptions, and these suggest that no material impact is likely to the Bank's capital position.

STRATEGIC REPORT (continued)

The Bank maintains a significant portion of its assets in a high-quality debt securities portfolio. The portfolio reduced during the year to support the growth in the loan portfolio, ending the year at £42.2m (2023: £78.1m) and is composed exclusively of AAA-rated floating rate notes issued by international development banks and central governments.

Net interest income for the year reduced slightly to £20.9m, with the additional income due to an increase in the lending portfolio of £67m in 2024, despite a fall in underlying interest rates, including the Bank of England base rate. Gross interest income was £41.2m (2023: £36.3m), an increase of 13% over the prior year. Interest expense for the year increased to £20.4m (2023: £15.4m), a 32% increase over the prior year. Fees and commissions income for the year increased to £1.28m (2023: £1.1m), mainly due to increased lending related fees.

Corporate Governance and Risk Management

The Bank's risk appetite and capital management strategy is set by the Board of Directors ("the Board"). The Board currently has six directors, five of whom are non-Executive directors with four being independent non-Executive directors ("iNEDs"). The Board is supported by three Board committees, these being the Audit Committee, Risk and Compliance Committee and Remuneration Committee. Membership of these committees is set out on page 3.

Lindsay Mackay resigned as the Chief Executive Officer (CEO) with effect from 31st December 2023. The Board appointed Greg Ellison as the new CEO with effect from 8th January 2024. Greg is an experienced CEO with a strong track record of leading significant organisational growth and driving culture change and is well placed to lead ABL through the next phase of our growth. Regulatory approval for Greg Ellison to hold SMF1 responsibility was granted effective 4th April 2024. Sanjiv Somani was appointed to the Board on 1 December 2024. Spyros Filaretos resigned from the Board on 13 March 2025.

ABL Executive Committee ("Exco") is chaired by the CEO and the purpose is to exercise appropriate management oversight across all business activities.

Section 172(1) Statement

The Directors provide this statement describing how they have had regard to the matters set out in section 172 of Companies Act 2006 when performing their duty to promote the success of the Bank.

In its deliberations and decision-making, the Board considers regular reports from senior management on issues concerning its various stakeholders, the environment, and the communities it serves.

Clients. Our clients remain at the heart of our business, and we have implemented Consumer Duty in line with the new FCA Principle 12. We develop relationships with our clients based on a high-quality service provided and mutual trust and respect. The clients are treated fairly, and clients' needs are at the centre of any product development. The Board regularly receives reports summarising the number of customer complaints which remained at a very low level throughout 2024.

Our people. Our employees help to drive the success of our Bank. It is key that the employees are motivated and engaged both from the point of view of employees' satisfaction level and wellbeing, and from the Bank's interest of having productive employees. The Board reviews the remuneration levels including bonuses so that these are providing the right level of motivation for employees. During the year the Bank also conducted an employee survey, the results of which were communicated to the Board alongside a detailed analysis. Members of the Board had direct engagement with the Bank's employees at its meetings as well as in other formal and informal sessions.

Our regulators. During the year, the Bank continued to engage actively with its regulators to keep them continually updated on the business and operational performance of the Bank. This included meetings between the Chair of the Board and the regulators. The Bank considered regulatory impact throughout its activities.

Maintaining a reputation for high standards of business conduct. The Board requires that the Bank fully complies with the Senior Manager and Certification Regime (SMCR) set by the FCA which sets out high standards and accountability for personal and business conduct, and it receives regular reports from HR and Compliance in this respect. The HR department conducts an annual exercise of reviewing that all senior managers and certified staff are fit and proper. SMCR framework is subject to further review by Internal Audit as the third line of defence function.

Suppliers. As part of the Bank's outsourcing and operational procedures, senior management often meet with key suppliers to negotiate contracts, review service level agreements, and ensure a good standard of service delivery is maintained. The Board also review contracts with key suppliers.

STRATEGIC REPORT (continued)

Key decisions. Our strategy is focused on the medium term and the Business is planned across a five-year horizon, updated annually. We make careful decisions to maintain strategic focus, control costs, invest and ensure sufficient capital and liquidity is held.

Key Performance Indicators

The Bank's Board and management monitor the overall performance of the business using several Key Performance Indicators (KPIs) and a range of other metrics. In the longer term we aim to generate sustainable returns for our Parent. The most important KPIs are:

Ratio	**2024** **£m**	**2023** **£m**
Profit before tax	3.2	8.3
Total regulatory capital	68.4	66.0
Return on equity	3%	10%
Cost to income ratio	86%	63%
Liquidity coverage ratio	323%	349%
Capital adequacy ratio	23%	25%
Leverage ratio	13%	13%

Year to date profit before tax is the primary measure of the Bank's current performance against budgeted expectations. In 2024 this has been negatively impacted by the costs incurred as a result of the future strategy transformation programme to realise a community-based, digital, retail bank. The impact of this investment is expected to continue into 2025.

Total regulatory capital demonstrates the Bank's underlying strength and resilience to stress and shocks. It is a key factor in determining the Bank's ability to make loans to customers, which ultimately is our core business.

The Return on equity is a key ratio for the shareholders measuring the relative performance against invested resources. This is calculated as net profit divided by total equity opening balance. The Board of Directors approves a budget and longer-term strategic plan every year details of which can be found in the Strategic Report.

The Cost to income ratio has increased from to 86% in 2024 (2023:63%) due to the costs of implementing the new technological ecosystem to enable the strategic goals of the bank to be met. These costs include both costs of licensing the new technology and implementing the programme as well as the addition of new talent to support the growth plans.

Liquidity coverage ratio ("LCR") is a core regulatory ratio which requires a Bank to maintain a level of unencumbered high-quality liquid assets that can meet its liquidity needs for a period of thirty days under a severe stress. At year end the LCR was 323% (2023:349%), well above the regulatory minimum of 100%.

Capital adequacy ratio is a measure of capital strength and calculated by dividing the Bank's shareholders funds by its risk weighted assets. The ratio has decreased slightly to 23% at the year end (2023: 25%) still well in excess of regulatory requirements.

Principal Risks and Uncertainties Facing the Bank

The Board of Directors regularly assesses the principal risks and uncertainties faced by the Bank.

Effective risk management is critical to realising our strategic priorities and underpins our day-to-day operational activities and strategic change initiatives. We have a clear established risk management framework to manage and report the various risks that we face over the course of our daily business.

We define risk appetite as the aggregate level and types of risk that we are willing to accept in our pursuit of our business objectives. Qualitative statements are in place which articulate our risk appetite and provide a view on the risk-taking activities with which the Board is comfortable, guiding our decision-makers in their strategic and business decisions. The risk appetite statements detail the risk parameters within which we seek to operate, promoting good customer outcomes and protecting us from excessive risk exposures. The Board-owned statements are reviewed at least annually and include quantitative metrics which inform strategies, targets, policies, procedures and other controls. We actively monitor exposure against our stated risk appetite on an ongoing basis. Key risk indicators are in place for all principal risks, and these are reported regularly to Executive and Board committees together with actions and assessment of the adequacy of response

STRATEGIC REPORT (continued)

The most significant risks the Bank has faced during the year are the risks associated with the Bank's new strategy and financial risks. Financial risk covers several categories of risk which have the potential to impact the Bank's capacity to support its customers and continue operating in a safe, sustainable and compliant way. Financial risks include Credit risk, Capital risk, Liquidity and Funding risk and Market risk.

- Strategic Risk
  This is the risk that internal or external challenges may adversely impact the firm's ability to implement its business strategy including the long-term positioning and performance of the firm. All new business strategy decisions are subject to robust analysis and challenge before implementation. The recent strategic decision to develop a community-based, digital, retail bank has been rigorously challenged by both the Bank's Board and the Group Board of Directors. Capital ratios throughout the plan implementation period have been analysed to ensure regulatory minimum levels will be maintained or exceeded with additional buffers in place to support capital and liquidity stress analysis.

  An important enabler of this future strategy was the decision to implement a new core banking system over 2024 and 2025 and there has been significant investment in product, marketing and talent to build and launch the digital retail Bank.

  Strategic risk is also managed through having an identified strategic risk appetite which includes the monitoring of key strategic ratios and is set out in the Risk Appetite Statement which is approved by the Board and the Risk & Compliance Committee of the Board.

- Operational Risk
  The risk that events arising from inadequate or failed internal processes, people and systems, or from external events cause regulatory censure, reputational damage, financial loss, service disruption and/or detriment to our customers. Operational risks are identified, assessed, and monitored by the Operational Risk Committee and recorded in the operational risk register, which is reviewed regularly by Management and by the Risk and Compliance Committee of the Board. The Bank recognises that operational risk is inherent in all its activities and seeks to mitigate these risks to an acceptable level in a cost-effective way. There were no significant operational risk events during the year.

  The Bank operates in a competitive business environment and there is a risk that existing clients will transfer their custom to another organisation due to a range of factors which might include poor service, uncompetitive pricing, poorly designed products, and a poor market reputation. This risk is managed by ensuring that all staff are adequately trained for their roles to ensure a high-quality service is delivered as standard.

  Key person risk is a subcategory of the operational risk and occurs especially in smaller organisations where there is reliance of key individuals. The Bank manages the risk through having succession planning in place as well as having in place competitive remuneration.

- Credit Risk
  Credit risk is the risk that an obligor will fail to meet their obligations (principal, interest or fees) on time or in full according to the contractual agreed term. This risk arises from the potential that an obligor is either unwilling or unable to perform on an obligation, resulting in an impairment obligation and in economic loss to ABL. In addition, losses may result from a reduction in portfolio value due to actual or perceived deterioration in credit quality.

  The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan facilities, investments in debt securities and derivatives that are an asset position). The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes (see Note 34).

  The Bank's overall Credit Risk Appetite is expressed through its Risk Appetite Framework and evidenced by its risk management policies together with the exposure and quantitative authorisation limits that are in place.

  Governance around credit risk includes the Bank's Board of Directors reviewing and approving the Risk Appetite Policy, Classification and Measurement Policy and Impairment policy. The Bank also has a Credit Risk Committee which has oversight of the credit risk activities and the implementation of relevant strategies.

- Market Risk:
  The risk of loss arising from movements in market prices. Market risk is the risk posed to earnings, economic value or capital that arises from changes in interest rates, market prices or foreign exchange rates.

  Our market risk appetite is determined by reference to a number of sub-risk appetites:

STRATEGIC REPORT (continued)

Earning sensitivity – We have a low appetite for earnings risk, with the Board determining a limit calibrated to ensure net interest income does not exceed an amount and approved by the Board. The limit is calibrated using a 2% instantaneous shock in both directions.

Economic value sensitivity – We have a low appetite for economic value risk, with the Board determining a limit calibrated to ensure that a change to the present value of our balance sheet does not exceed an amount calibrated by calculating the impact of a 2% instantaneous shock in both directions.

Foreign exchange risk – We have no appetite for foreign exchange risk, with the Board determining that exposures in foreign currencies should not represent a material portion of our capital resources.

The Treasury function has responsibility for managing market risk within our market risk policy and strategy, including interest rate risk and foreign exchange risk:

- Interest Rate Risk
  Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fall because of changes in market interest rates. To monitor this risk, the Bank applies the Basel III standardised framework of assessing the impact of six shock scenarios for each significant currency daily, and calculating the overall exposure based on the maximum loss and comparing to regulatory limits.

  The Bank has a structural interest rate exposure to falling interest rates as the vast majority of its lending book is at floating rate yet a significant proportion of its liabilities is at 0% (sight deposits and capital). This means that there is a higher impact of falling interest rates on assets than on liabilities.

- Foreign Exchange Risk
  ABL has exposure to currency risk due to the volatility of foreign exchange rates. Foreign currency exposure arises through the daily mark to market of forward foreign exchange contracts and currency swaps conducted in the normal course of business for asset and liability management purposes.

  In addition, ABL offers foreign exchange services to customers however no proprietary positions are taken with any small residual open positions being managed within currency limits.

- Liquidity Risk
  Liquidity risk is the risk that the Bank will not have sufficient funds to meet its obligations.

  The Board has determined that the Bank shall be able to survive a combined name-specific and market-wide liquidity stress event for at least three months, at a level of severity determined by the Bank's internal risk appetite stress test, utilising the Bank's pool of liquid assets, having identified the Bank's material liquidity risks.

  The Bank's exposure to liquidity risk is managed based on policies set by the Board. These include the holding of sufficient immediately available cash or marketable assets, ensuring asset and liability cash flows are appropriately matched and having the ability to arrange further borrowing if required. Customer retail deposits are protected by a liquid assets buffer.

  In addition, the Bank faces a range of other risks which are regularly monitored by Management and overseen by the Audit Committee and the Risk and Compliance Committee of the Board. Principal among the risks are:

- Regulatory Risk
  Regulatory risk is the risk of regulatory sanction, financial loss, fines and reputational damage as a result of failing to comply with relevant regulatory requirements. The Bank has a low appetite for regulatory risk and seek to minimise this risk by maintaining robust systems and controls that are designed to meet existing regulatory requirements and to ensure we comply with future changes to the regulatory landscape.

- Business Conduct Risk
  Failure to conduct business in accordance with regulations and our own internal standards may lead to litigation, complaints, and other claims against the Bank. This risk is managed through extensive and regular internal training of staff, our commitment to client service and the embedding of the 'Treating Customers Fairly' and 'Consumer Duty' principles of the Financial Conduct Authority (FCA).

STRATEGIC REPORT (continued)

Outlook of Business Environment

Based on our operating model and business environment, the Bank is faced with some uncertainties.

- **UK economy**
  The Monetary Policy Committee (MPC) report by the Bank of England published in November 2024 projected GDP growth by 0.75% to Q4 2025.

  CPI inflation is expected rise from the current 2% to around 2.75% by the second half of 2025. If inflation remains low and stable it is likely that the Bank of England will reduce interest rates gradually.

  Unemployment is projected to rise slightly in the second half of 2025.

  A Savills report for UK mainstream house prices forecast a 4% price rise in 2025 for Residential Real Estate prices and for Commercial Real Estate (CRE) prices, growth is expected to be supported by steady cuts to base rate. The Company's exposure and risk of loss is intrinsically linked to the value of the underlying property collateral. The risk is mitigated by following a conservative lending model, whereby the average loan to value is circa 48% (2023: 47%).

- **The Greek economy**
  Developments in the macroeconomic environment
  The macroeconomic environment is characterised by uncertainty, which is mainly caused by the following:
  - Geopolitical developments and inflationary pressures, and in particular the continuation and outcome of the war in Ukraine and the tensions in the Middle East and the Red Sea. Despite the recent ceasefire in Gaza, a possible re-escalation of the conflict between Israel and Iran could trigger a new energy crisis and consequently inflationary pressures, especially if Iranian oil facilities are affected.
  - The risks for the Greek economy arising from possible natural disasters or any impacts of climate change, such as the extreme weather events that have affected various regions of the country in recent years.
  - Political instability in major European countries and important trading partners of Greece such as France and Germany, as well as the effects of USA policy with the possible increase in trade protectionism, which are likely to have a negative impact on the external sector of the Greek economy in the coming years.

  However, despite the fact that the economic environment is characterised by uncertainty, the Greek economy is expected to remain resilient, achieving high GDP growth rates (between 2% and 2.5%) in the two years 2024-2025, supported by the continued strengthening of employment, tourism performance, the gradual normalisation of inflationary pressures, the implementation of investments both within the framework of the Recovery and Resilience Fund and the Public Investment Program, as well as the expected increase in Foreign Direct Investment (FDI) and exports.

Future Developments and Going Concern

The Board of Directors considers the Bank's updated one-year budget and five-year business plan on an annual basis. A five-year timeframe for the plan is considered an appropriate period to forecast when considering the Bank's underlying business and economic environment. During 2024 the Bank concluded a detailed strategic review resulting in a decision to develop a community-based, digital, retail bank over the coming years. This future strategy confirms the strategic importance of the Bank to the group and demonstrates a firm commitment from the parent towards strengthening the Alpha Bank brand in the UK and delivering outstanding value to its customers.

The Bank's capital and liquidity positions are both strong. The Bank holds capital resources well in excess of the minimum levels required by regulators. In addition, the Bank expects to continue to be entirely funded by customer deposits, capital, and reserves. The Bank also has a £40m committed contingency funding from the Parent (2023: £150m). Please see note 4.1 for more details on the going concern assessment. The directors acknowledge that the Bank faces a number of risks and uncertainties but believe none of these pose a threat to the Bank's going concern status. As such, the directors have a reasonable expectation that the Bank will continue to operate and meet its obligations as they fall due over the following 12 months.

This report was approved by the board of directors on 16 April 2025 and signed on its behalf by:

Mark E. Austen
Chairman

Capital House
85 King William Street
London EC4N 7BL

16 April 2025

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Alpha Bank London Limited ("ABL") for the year ended 31 December 2024.

Status of the Bank

The Bank is authorised to accept deposits under the Financial Services and Markets Act 2000 and is registered as a limited Bank under the provisions of the Companies Act 2006. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Principal Activities

The Bank provides a range of domestic and international banking services, as detailed in the Strategic Report.

Strategic Report

As permitted by the Companies Act, information required to be disclosed in the Directors' Report on the review of the business of the Bank, a description of the principal risks and uncertainties facing the Bank and future developments has been included in the Directors' report by way of a cross reference to the Strategic Report on pages 5 to 10.

Results and Dividends

Profit on ordinary activities after taxation amounted to £2.4m (2023: £6.3m). No dividend was declared or paid during the year (2023: nil).

Events after the reporting period

There were no events after the reporting period expected to have any financial or business impact on the Bank.

Financial risk management

Note 34 contains a detailed description of the financial risk management framework.

Employee engagement and business relationships

Please see Section 172(1) Statement on page 6 of the Strategic Report.

Directors and their interests

The following persons served as directors of the Bank during the financial year and to the date of this report. None of the directors had any interests in the share capital of the Bank.

Mark E. Austen
Spyros N. Filaretos (resigned 13/03/2025)
Clodagh Gunnigle
George Michalopoulos
Michael Brierley
Sanjiv Somani (appointed 01/12/2024)
Greg Ellison (appointed 04/04/2024)

The current composition of the Board of Directors is shown on page 3.

None of the directors had a material interest at any time during the year in any contract of significance in relation to the Bank's business.

All directors of the Bank benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Board Committees

There are three sub-committees of the Board.

DIRECTORS' REPORT (continued)

Risk & Compliance Committee

Risk & Compliance Committee normally meets at least four times a year to consider and advise the Board accordingly on risk management matters. The Committee's primary responsibilities are to advise the Board on the company's overall risk appetite, tolerance and strategy; advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact; monitor and review the effectiveness of the company's risk management and internal control systems.

Audit Committee

The Audit Committee normally meets at least four times a year. The Committee's primary responsibilities are to: monitor the integrity of the Banks's Financial Statements, reviewing any significant financial reporting judgements which they contain, including that of the Bank's Going Concern status; keep under review the effectiveness of the Company's internal financial controls, internal control and risk management systems; and monitor and assess the role and effectiveness of the Group's internal audit functions in the context of the Group's overall internal control and risk management systems.

Remuneration Committee

The Remuneration Committee reviews the appropriateness of all aspects of the Bank's pay and benefit policies, considering the remuneration packages of comparable financial organisations and having access to relevant remuneration surveys. The Committee can take external advice where it feels this is necessary.

Donations

Charitable contributions made during the year amounted to £1,851 (2023: £1,700). No political donations were made (2023: nil).

Future Developments and Going Concern

The directors have performed an assessment of the going concern status of the Bank. Further detail is included within the Strategic Report and the Accounting Principles in the financial statements.

Streamline Energy and Carbon Reporting (SECR)

The Bank presents below its analysis of greenhouse emissions (GHG) and energy usage as required by the Companies (Director's Report) and Limited Partnerships (Energy and Carbon Report) Regulations 2018. GHG emissions are split into three categories based on the source of the emission:

- Scope 1 (Direct): emissions from sources that the company owns and controls (i.e. generation of electricity, heat or steam from combustion of fuels);
- Scope 2 (Energy Indirect): indirect emissions from the consumption of purchased energy (electricity, heat, steam, and cooling) consumed in the Bank's operations;
- Scope 3 (Other Indirect): Other emissions that are consequence of the Bank's actions, which occur at sources which are not owned or controlled,

In accordance with the SECR and in fulfilment of the management's commitment to ESG reporting, the Bank has voluntarily disclosed its scope 1 and 2 emissions as follows:

GHG emissions and energy usage data

	2024	**2023**
Energy consumption used to calculate emissions (kWh)		
Gas	n/a	n/a
Electricity	256,933	218,013
Total Energy consumption	**256,933**	**218,013**
Scope 1		
Emissions from combustion of gas tC02e	n/a	n/a
Scope 2		
Emissions from purchased electricity tC02e	53.14	45.14
Total gross tC02e based on the above	**53.14**	**45.14**
Normalised tC02e per £'m of income	**2.39**	**2.06**

DIRECTORS' REPORT (continued)

The methodology adopted in calculating these emissions is based on energy consumption data provided to the Bank by its energy suppliers and converted to emissions based on conversion factors published by the UK government's Department for Business, Energy & Industry Strategy.

Capital Structure

The Bank's capital structure is detailed in Note 32.

Disclosure of Information to the 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 Bank's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

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

Bank registration number: 00185070.

This report was approved by the board of directors on 16 April 25 and signed on its behalf by:

Greg Ellison
Chief Executive Officer

16 April 2025

Capital House
85 King William Street
London EC4N 7BL

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Bank law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB.

Under Bank law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period.

In preparing these financial statements, IAS 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance; and
- make an assessment of the Bank's ability to continue as a going concern.

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Bank, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Bank's position, performance, business model and strategy.

This responsibility statement was approved by the board of directors on 16 April 2025 and is signed on its behalf by:

Mark E. Austen
Chairman

16 April 2025

Capital House
85 King William Street
London EC4N 7BL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA BANK LONDON LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Alpha Bank London Limited (the 'company');

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Determination of expected credit losses ("ECL") under IFRS 9; and • Accounting for the core banking system. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £691,500 which was determined on the basis of 1% of equity.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach	In the current year, we identified a new key audit matter related to the accounting for the new core banking system. The risk associated with this has been assessed to be significant considering the material nature of this balance and the level of judgement required in relation to the accounting in this area.

4. Conclusions relating to going concern

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

- challenging the director's evaluation of the company's profitability, capital, liquidity and funding forecast position by assessing the following:
  - Internal Liquidity Adequacy Assessment Process output;
  - Internal Capital Adequacy Assessment Process output; and
  - Severe stress testing scenarios.
- involving prudential and regulatory specialists in reviewing company's capital and liquidity position;
- evaluating management's sensitivity analysis on key assumptions used in the going concern assessment;
- inquiring about the strategic review of the activities of the company performed by the parent company, Alpha Bank S.A. and evaluating the support provided by parent; and
- assessing the appropriateness of the disclosure in relation to the going concern in the financial statements.

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.

5. 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 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.

5.1. Determination of expected credit losses under IFRS 9

Key audit matter description	The company recognises expected credit losses ("ECL") on its financial assets measured at amortised cost. As detailed in the summary of critical accounting judgements and estimates in note 5 of the financial statements and the credit risk disclosures in note 34.3, the estimation of ECL in accordance with IFRS 9 Financial Instruments ("IFRS 9") is inherently uncertain and requires significant management judgement. Therefore, we have determined that there is a risk of error in this balance. As at 31 December 2024, the company reported £0.009m (2023: £0.01m) of ECL on total gross loans and advances of £397.5m (2023: £330.1m). Despite the continued deterioration of the UK's economic situation in 2024, marked by persistently high inflation, ABL observed a slight decrease in its expected credit loss (ECL) provision as this reduced by £1k as stated above. As at 31 December 2024, the company's loan book comprises 90.92% stage 1 loans (2023: 88.4%), 8.25% stage 2 loans (2023: 11.6%) and 0.83% stage 3 loans (2023: Nil). The amount of expected credit losses is updated at each reporting date and given the secured nature of the lending done by the company is primarily driven by loss given default ('LGD') which in turn is driven by valuation of the collateral pledged by the customer. The company estimate the value of collateral through both independent valuation reports (full and desktop valuations) and internal desktop valuations. ECL has remained an area of focus for us during the audit as it required a significant audit effort on this area, therefore it continues to be a key audit matter in our audit report.
How the scope of our audit responded to the key audit matter	In order to address the key audit matter identified, we performed the following procedures: • Tested relevant controls in relation to lending, including those related to determination of expected credit losses; • Assessed the methodology applied by the company for determination of ECL for compliance with

the requirements of IFRS 9;

- For a sample of loans, tested credit risk indicators as per the company's policy and IFRS 9 guidance; and

- Independently recalculated the ECL based on the company's inputs.

In addition to the above, we performed the following procedures in order to assess the appropriateness of the collateral valuation of exposures with higher loan-to-value:

- Obtained an understanding of and assessed the company collateral valuation policy. This included the process by which the company assesses the value of collateral both at the time of initial lending and periodically thereafter;
- Tested relevant controls relating to the collateral valuation;
- Inspected external valuation reports from independent valuers, which are obtained at either the time of initial lending or more recently;
- Performed a recalculation of the internal desktop valuation in line with the company collateral valuation policy;
- Evaluated the competence, capability and objectivity of management's expert;
- Performed an assessment of the potential impact of the current macro-economic environment on the valuation of collateral; and
- Assessed the appropriateness of the disclosures with the requirements of IFRS 9.

Key observations	The approach to determination of ECL was found to be compliant with the requirements of IFRS 9. We concluded that the ABL's assessment of the value of collateral for loans and its estimation of ECL was reasonable. Accordingly, the recognised expected credit losses as at 31 December 2024 are reasonably stated.

5.2. Accounting for the core banking platform

Key audit matter description	The company has invested in the development of a core banking platform that provides the basis for changes in future strategy of the company. As detailed in the summary of critical accounting judgements and estimates in note 5 of the financial statements and accounting policy Note 4.10, the accounting for the costs associated with this development requires judgements and estimates to be taken. Further details are set out in Note [22, 23 & 13]. As at 31 December 2024, the company reported intangible assets of £1.35m and a prepayment asset of £0.64m in relation to the development of the core banking platform. The company also reported expenses during the year ended 31 December 2024 of £2.57m corresponding to this platform. The intangible asset recorded relates to costs that the company has assessed are eligible for capitalisation, specifically these are the costs related to the integration of the new core banking platform as well as the documentation of the end-to-end process. For the costs that have not been assessed as eligible for capitalisation, these are recorded as either an expense or a prepayment depending on whether the service has been provided in advance. The recognition of these costs as intangible assets increases the risk that costs relating to the core banking system could be inappropriately capitalised as intangible assets as an opportunity to overstate net assets to meet KPIs. The software is to go live in 2025, when this happens the costs recognised as intangible assets will be amortised over the useful life of the asset and assessed for impairment annually. The capitalisation of certain costs on intangible assets is subjective and management judgement is required to assess whether costs should be capitalised in accordance with IAS 38, Intangible Assets. The audit of this area required a significant audit effort. This has therefore been assessed as a key audit matter in our audit report.

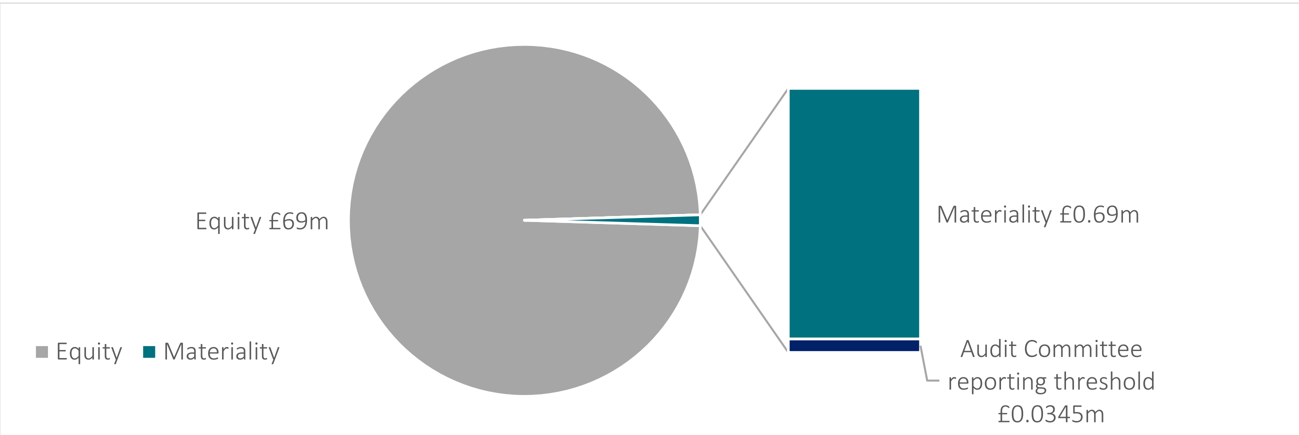
How the scope of our audit responded to the key audit matter	In order to address the key audit matter identified, we performed the following procedures: • Assessed the accounting policy in place around the treatment of costs incurred in relation to the core banking platform; • Assessed the methodology applied by the company for determination of which costs are eligible for capitalisation, to ensure alignment with accounting standards and the platform's economic reality; • Obtained an understanding of relevant controls, which include the approval of the capitalisation policy, review and approval of the software costs incurred as well as the review and approval of the accounting policy; • Tested a sample of intangible, prepayment and expense balances, traced costs to signed contracts and invoices and assessed whether these costs met the criteria for capitalisation and were recorded appropriately; • Inspected the signed agreements with vendors and third parties used in the development of the core banking platform; • Evaluated the useful economic life of the core banking platform compared to the content of signed vendor agreements and comparison to other institutions in order to ensure that is reasonable for when the system goes live; and • Assessed the appropriateness of the associated disclosures in the financial statements.
Key observations	We concluded that the accounting for the core banking platform was reasonable.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£691,500 (2023: £660,000)
Basis for determining materiality	1% of equity (2023: 1% of equity)
Rationale for the benchmark applied	We considered equity to be the most appropriate benchmark given the company is a regulated entity where its capital position is of importance to the key users of the financial statements. These key users include regulators and the shareholder.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at

70% of materiality for the 2024 audit (2023: 70%). In determining performance materiality, we considered the following factors: our risk assessment, including our assessment of the company's overall control environment and that we consider it appropriate to rely on controls over a number of business processes. There is also a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £34,500 (2023: £33,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the audit engagement team. We performed our scoping on the basis of whether the account balances are quantitatively or qualitatively material.

7.2. Our consideration of the control environment

As part of our audit, we obtained understanding of the control environment. We obtained an understanding of financial reporting cycle and tested relevant controls over lending cycle, deposits, fee and commission income, cash and took a controls reliance approach in respect of these controls.

With the involvement of our IT specialists, we tested and relied on general information technology controls (GITCs) and automated controls over IBIS, which is the Company's subledger and core banking system.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the entity's business and its financial statements and also held a discussion with management to understand the process of identifying climate related risks. We performed our qualitative risk assessment of the potential impact of climate change on the company's account balances and classes of transactions and did not identify any additional risk of material misstatement.

We read the Director's report to consider whether the climate related disclosures on page 12 are materially consistent with the financial statements and our knowledge obtained in the audit, and also evaluated the appropriateness of disclosures included in the financial statements. Management has concluded there to be no material impact arising from climate change on the judgements and estimates made in the financial statements as noted in Note 34.6.

8. 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.

9. 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.

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of 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.

11. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, directors, and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with 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 have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, prudential and regulatory specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, tax legislation, Prudential Regulation Authority and Financial Conduct Authority.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Prudential Regulation Authority and Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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 any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the directors on 19 May 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2017 to December 2024.

14.2. Consistency of the audit report with the additional report to the audit committee

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

15. 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.

Paul Wilde (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 April 2025

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000's	2023 £000's
Interest and similar income	6	41,240	36,264
Interest expense and similar charges	6	(20,382)	(15,359)
Net interest income		**20,858**	**20,905**
Fees and commission income	7	1,284	1,126
		22,142	**22,031**
Net trading expense	8	60	(67)
Other operating income	9	97	36
Net loss from derecognition of financial assets measured at FVTOCI	10	(34)	(82)
Operating income		**22,265**	**21,918**
Staff costs	11	(9,688)	(8,892)
General administrative expenses	13	(8,415)	(3,886)
Depreciation and amortisation	21, 22	(1,006)	(1,044)
Operating expenses		**(19,109)**	**(13,822)**
Reversal of impairment	15	7	171
Profit before tax		**3,163**	**8,267**
Income tax expense	14	(808)	(1,947)
Profit after tax		**2,355**	**6,320**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024 £000's	2023 £000's
Profit after tax recognised in the Statement of Profit or Loss		**2,355**	**6,320**
Items that may be reclassified subsequently to profit or loss:			
Fair value movement of debt instruments at FVTOCI	32	(5)	70
Allowance for ECL movement of debt instruments at FVTOCI	32	(5)	(3)
Amounts reclassified to profit or loss for debt instruments measured at FVTOCI	10	34	82
Other comprehensive income / (expense)		**24**	**149**
Total comprehensive income for the year after tax		**2,379**	**6,469**

The notes on pages 27 to 71 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £000's	2023 £000's
Assets			
Cash and due from credit institutions	16	36,967	40,658
Derivative financial instruments	17	2,868	345
Investment securities	18	42,230	78,097
Loans and advances to customers	19	397,459	330,090
Property and equipment	21	1,987	2,861
Intangible assets	22	1,367	87
Current tax assets	27	402	110
Deferred tax assets	28	-	28
Other assets	23	1,856	799
Total assets		**485,136**	**453,075**
Liabilities			
Due to banks	24	1,962	201
Derivative financial instruments	17	899	1,724
Due to customers	25	397,172	370,324
Subordinated debt	26	10,004	10,006
Deferred tax liabilities	28	251	16
Lease liabilities	29	1,996	2,811
Provisions	30	-	1
Other liabilities	31	4,470	1,989
Total liabilities		**416,754**	**387,072**
Equity			
Share capital	32	30,000	30,000
Retained earnings		38,360	36,005
Reserves	32	22	(2)
Total equity		**68,382**	**66,003**
Total liabilities and equity		**485,136**	**453,075**

Bank registration number: 00185070.

The notes on pages 27 to 71 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 16 April 2025 and were signed on its behalf by:

Mark E. Austen
Chairman

Greg Ellison
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £000's	Retained earnings £000's	Fair value reserve £000's	Total equity £000's
Balance as at 1 January 2024	**30,000**	**36,005**	**(2)**	**66,003**
Profit after tax	-	2,355	-	2,355
Other comprehensive income for the year	-	-	24	24
Total comprehensive income for the year	-	2,355	24	2,379
Balance attributable to the owner as at 31 December 2024	**30,000**	**38,360**	**22**	**68,382**

	Share capital £000's	Retained earnings £000's	Fair value reserve £000's	Total equity £000's
Balance as at 1 January 2023	**30,000**	**29,685**	**(151)**	**59,534**
Profit after tax	-	6,320	-	6,320
Other comprehensive expense for the year	-	-	149	149
Total comprehensive income for the year	-	6,320	149	6,469
Balance attributable to the owner as at 31 December 2023	**30,000**	**36,005**	**(2)**	**66,003**

The notes on pages 27 to 71 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000's	2023 £000's
Cash flows from operating activities			
Profit before tax		3,163	8,267
Adjustments:			
Interest (income) / expense on investment securities		(2,894)	(4,042)
Interest income on loans and advances to customers		(29,603)	(25,319)
Interest expense on due to banks		-	624
Interest expense on due to customers		7,547	7,383
Interest expense on debt securities in issue and other borrowed funds		726	669
Interest expense on lease liabilities		139	185
Loss on forward revaluation of FX transactions	8	(60)	67
Gain on foreign exchange	9	(100)	(96)
Gain / (loss) from derecognition of investment securities		28	152
Movement in ECL allowance on investment securities		(5)	(3)
Movement in ECL allowance on loans and advances to customers		(1)	(168)
Movement in ECL allowance on undrawn commitments	15	(1)	-
Depreciation and amortisation	21, 22	992	1,044
Provision	30	-	1
Net cash flows used in operating activities		(20,069)	(11,236)
Net increase / (decrease) in assets relating to operating activities:			
Derivative financial instruments		(2,523)	2,916
Investment securities		8,164	1,729
Loans and advances to customers		(67,368)	(4,461)
Other assets	23	(1,057)	203
		(62,784)	387
Net increase / (decrease) in liabilities relating to operating activities:			
Derivative financial instruments		(825)	(119)
Due to banks	24	1,761	(6,187)
Due to customers	25	26,848	(10,414)
Other borrowed funds		(2)	3
Other liabilities	31	2,481	250
		30,263	(16,467)
Interest income on loans and advances to customers		29,603	25,319
Interest expense on due to banks		-	(624)
Interest expense on due to customers		(7,547)	(7,383)
		22,056	17,312
Income tax paid		(836)	(2,022)
Net cash flows used in operating activities		**(31,370)**	**(12,026)**
Cash flows from investing activities			
Acquisition of investment securities		(32,554)	(44,562)
Disposal of investment securities		60,257	56,786
Interest income / (expense) on investment securities		2,894	4,042
Acquisition of fixed assets (including intangibles)	21, 22	(1,398)	(119)
Net cash flows from investing activities		**29,199**	**16,148**

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000's	2023 £000's
Cash flows from financing activities			
Repayment of lease liabilities		(815)	(800)
Interest expense on other borrowed funds		(726)	(668)
Interest expense on lease liabilities		(139)	(185)
Net cash flows used in financing activities		**(1,680)**	**(1,653)**
Net increase / (decrease) in cash and due from credit institutions		**(3,851)**	**2,469**
Cash and due from credit institutions at beginning of the year	16	40,658	38,160
Net effect of foreign exchange fluctuations		160	29
Cash and due from credit institutions at end of the year	16	**36,967**	**40,658**

The notes on pages 27 to 71 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Alpha Bank London Limited (hereafter the "Bank" or "ABL") is a Bank limited by shares incorporated and registered in England, United Kingdom. The address of the Bank's registered office is shown on page 3. The Bank is a private Bank limited by shares.

The principal activities of the Bank are set out in the Strategic Report.

2. Basis of presentation

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

The Bank is a wholly owned subsidiary of Alpha Bank S.A. ("Alpha Bank" or the "Parent"). Alpha Bank S.A has a 100% shareholding in ABL and produces financial statements available for public use in compliance with IFRS, in which subsidiaries are consolidated. The Bank has taken advantage of the exemption in IFRS 10 "Consolidated Financial Statements" and the Companies Act 2006 and has not prepared consolidated financial statements. Further details on the parent can be found in Note 37.

The financial statements are presented in Sterling and rounded to the nearest thousand unless otherwise indicated. The financial statements are prepared on the historical cost basis, except for certain financial instruments that are measured at fair value as explained in the accounting policies.

Refer to Note 4.1 for information on going concern.

3. Adoption of new standards and of amendments to standards

The following new accounting standards or amendments to existing standards became effective for accounting periods beginning on or after 1 January 2024 and are applicable to the Bank. The Bank's accounting policies are already consistent with the new requirements and / or adoption had no impact on the financial statements of the Bank.

3.1 Amendments to standards:

There were no amendments to existing standards that had an impact on the financial statements of the Bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.2 Future accounting developments:

The IASB has issued the following standards, interpretations and amendments to standards which are not yet effective, have not yet been adopted and have not been early applied by the Bank.

International Financial Reporting Standard 18 “Presentation and Disclosure in Financial Statements”

Effective for annual periods beginning on or after 1 January 2027.

On 9 April 2024 the International Accounting Standards Board issued IFRS 18. IFRS 18 replaces IAS 1 and sets out presentation and disclosure requirements for financial statements.

To meet this objective, IFRS 18 introduces:
- two new defined subtotals in the statement of profit or loss: operating profit and profit before financing and income taxes,
- disclosures about management-defined performance measures (“MPM’s”), and
- enhanced requirements for grouping of information (aggregation and disaggregation) in the financial statements.

IFRS 18 requires that a company presents income and expenses in separate operating, investing and financing categories. The operating category consists of all income and expenses that are not classified in the investing, financing, income taxes or discontinued operations categories.

The Company is examining the impact from the adoption of the above standard on its financial statements.

4. Accounting policies applied.

The accounting policies applied by the Bank in preparing the financial statements are the same as those stated in the published financial statements for the year ended 31 December 2023, after considering the amendments to standards which were issued by the International Accounting Standards Board (IASB) and applied on 1 January 2024, regarding which further analysis has been provided in the aforementioned Note 3.

4.1 Going concern

The Directors consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this assessment, the Directors have considered projections for the Bank’s capital and funding position as well as other principal risks. As part of this process the Directors have considered and approved the Bank’s most recent Five Year Plan including severe but plausible downside scenarios. The Directors also considered the key assumptions and uncertainties that feed into these plans alongside management actions and mitigants that would be available if required. Under all scenarios considered, the Directors believe the Group to remain a going concern on the basis that it maintains sufficient resources (including liquidity and capital) to be able to continue to operate for the foreseeable future (considered to be at least 12 months from the date of these financial statements). The Directors do not consider there to be any material uncertainties with regards to the assessment on going concern.

In summary, the directors have assessed all financial risks which they believe affect the Bank’s going concern status including liquidity risk, credit risk and capital adequacy, and have reviewed the results of stress tests. The stress scenarios tested the adequacy of liquidity and capital reserves, including credit, concentration, interest, and operational risks and have shown that there is enough capital and liquidity reserves to cover severe stress scenarios. They have concluded that there is no reason to believe that a material uncertainty exists that may cast doubt upon the ability of the Bank to continue as a going concern or its ability to continue with its current banking arrangements. Based on the above, the directors’ view is that the Bank, at least for the next 12 months from the date of the approval of the financial statements, will continue as a going concern and the financial statements have therefore been prepared on that basis.

4.2 Foreign currency transactions

The financial statements are presented in Sterling, which is the functional and presentational currency of the Bank and the currency of the country of incorporation of the Bank. Transactions in foreign currencies are translated into Sterling at the closing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Sterling at the closing exchange rate at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss. Non-monetary assets and liabilities are recognised at the exchange rate ruling at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of:

a) Cash on hand; and
b) Short-term balances due from credit institutions

Short-term balances due from credit institutions are amounts that mature within three months after the date of the financial statements. The carrying amount of these assets is approximately equal to their fair value.

The impact of exchange rate fluctuations is included on the face of the Cash Flow Statement.

4.4 Expenses

Expenses are on an accrued basis.

4.5 Financial instruments

4.5.1 Initial recognition

Financial assets and financial liabilities are recognised in the Bank's Statement of Financial Position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities which are measured at FVTPL are recognised immediately in profit or loss.

4.5.2 Classification of financial assets

Financial assets are measured subsequently under the following three categories:

1. At amortised cost
2. At fair value through other comprehensive income (FVTOCI)
3. At fair value through profit or loss (FVTPL)

The classification of these three categories is based on:

1. The Bank's business model for managing the financial assets (Step 1), and
2. The contractual cash flow characteristics of the financial assets (Step 2).

Step 1 assigns a business model based on relevant business model indicators. Step 2 addresses the assessment that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding that are consistent with a basic lending agreement, where the most significant elements of interest would be the consideration for the time value of money and credit risk.

Debt instruments

A debt instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding.

The Bank's due from banks balances and loans and advances to customers meet the above conditions and are therefore measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The above category is measured at amortised cost using the effective interest method and is periodically assessed for expected credit losses.

A debt instrument is measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The Bank's investment securities meet the above conditions and are therefore measured at FVTOCI.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments measured at FVTOCI are subject to impairment.

A debt instrument that is not measured at amortised cost or at FVTOCI must be measured at FVTPL.

Derivatives

Under IFRS 9, all derivative financial instruments are deemed to be held for trading and therefore they are measured at FVTPL.

The Bank's derivative financial instruments are measured at FVTPL.

Holding-to-collect contractual cash flows

Financial assets that are held within a business model with the objective of holding assets to collect contractual cash flows are measured at amortised cost (provided the asset also meets the contractual cash flow test). Such assets are managed to realise cash flows by collecting contractual payments over the life of the instrument.

Factors that could indicate a hold to collect ("HTC") business model include the following:

- Evaluation of the portfolio's performance is based e.g. on the contractual return (e.g. margins) and the net interest income and credit quality of the financial asset rather than the fair value of the asset;
- Risk management mainly refers to managing the credit risk and aims at minimising potential credit losses, e.g., through restructurings or sales;
- Compensation is not linked to the fair value changes of the managed portfolio.
- The business model objective is not to realise cash flows through sales of instruments. However, sales/expected sales can be consistent with a HTC business model, i.e., it is not required to hold all the instruments in the portfolio until maturity. This may be the case if:

  - Sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent);
  - Sales are linked to an increase in credit risk;
  - Sales are made close to maturity and the proceeds approximate the remaining contractual cash flows.

The Bank must consider information about past sales in terms of the reasons for the sales and the conditions that existed at that time compared to current conditions. Based on these considerations, the Bank needs to determine the predictive value of the past sales for the expectations of future sales.

The Bank regards all its loans and advances to customers and due from banks balances within a business model with the objective of holding to collect contractual cash flows, therefore they are all measured at amortised cost.

Holding-to-collect contractual cash flows and selling

The FVTOCI measurement category is mandatory for portfolios of financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (provided the asset also meets the contractual cash flow test).

NOTES TO THE FINANCIAL STATEMENTS (continued)

In this type of business model, the Bank's management has made the decision that both collecting contractual cash flows and selling are fundamental to achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to:

- Manage everyday liquidity needs;
- To maintain a particular interest yield profile; or
- Match the duration of financial assets to the duration of the liabilities that fund those assets.

Compared to the business model with an objective to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective rather than only incidental to it. However, there is no threshold for the frequency or value of sales that can or must occur in this business model.

The Bank regards all its investment securities to be within a business model which has the objective of holding to collect contractual cash flows and selling, therefore they are all measured at FVTOCI.

Financial assets measured at FVTPL

Financial assets are measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model that results in measurement at FVTPL is where the financial assets are held for trading. Investments made within a held for trading portfolio are those held intentionally for short-term resale or where the position is created with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits.

4.5.3 Reclassification of financial assets

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified.

Changes in the business model for managing financial assets are expected to be very infrequent. They must be determined by the Bank's senior management because of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. Accordingly, a change in the objective of the Bank's business model will occur only when the Bank either begins or ceases to carry on an activity that is significant to its operations.

The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Bank's reclassifying financial assets'. This does not give rise to a prior period error in the Bank's financial statements (as defined in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors). Accordingly, any previously recognised gains, losses or interest should not be restated.

4.5.4 Impairment

The Bank recognises an allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Investment securities;
- Loan commitments; and
- Financial guarantee contracts issued.

In order to measure an allowance for expected credit losses, a financial instrument must first be classified into stages based on its credit risk. The classification into stages is based on the change in credit quality compared to the initial recognition. The adoption of this model aims to achieve:

- The timely recognition and measurement of credit losses prior to their realisation;
- The classification of exposures depending on the deterioration of their credit quality; and
- The more accurate measurement of expected credit losses.

The classification into stages is performed as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Stage 1 - includes performing credit exposures that have no significant increase in credit risk since the initial recognition date. The expected credit losses calculated are the twelve-month losses from the date of the financial statements.

Stage 2 - includes credit exposures with significant increase in credit risk since the initial recognition date but which are not non-performing. The expected credit losses calculated are the lifetime losses.

Stage 3 - includes non-performing/ default exposures. The expected credit losses calculated are the lifetime losses.
The calculation of expected credit losses is carried out either on an individual basis for all borrowers with at least one non-performing exposure, or collectively for other exposures.

The allowance for expected credit losses is a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, discounted at the asset's effective interest rate ("EIR") or best alternative proxy like the nominal interest rate.

Allowances for expected credit losses are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no allowance is recognised in the statement of financial position as the carrying amount is at fair value. The amount is credited in the relative reserve for bonds measured at FVOCI; and
- For undrawn loan commitments and letters of guarantee: as a provision.

Past due financial assets

An exposure is past due if the counterparty's credit obligation is materially more than one day past due. The amount due is considered as the sum of the principal, interests and charges/commissions that is over one day due at the account level.

Forborne financial assets.

An exposure is considered as forborne if there is a significant modification of initial contractual terms by granting more favourable terms (concession) or partial or total refinancing of current outstanding debts (refinancing) to borrowers with financial difficulty.

Financial difficulty

Financial difficulty is defined as the situation where the borrowers are unable to comply or are about to face difficulties in servicing their credit obligations as per the current loan repayment schedule due to the worsening of their financial status.

The assessment of the financial difficulty is based solely on the borrowers' conditions according to objective indicators derived by the evaluation of their transactional behaviour and loan covenant analysis, disregarding any property collateral or any other guarantees provided by third parties. For a more precise identification of borrowers with Financial Difficulty, below is a list with the most important indicators:

- The borrower's exposures are more than 30 days past due during the last three months prior to the forbearance (would be classified as Stage 2).
- The borrower has exposures for which credit risk has significantly deteriorated compared to the initial recognition (would be classified as Stage 2 if neither of the below two indicators have yet been met).
- The borrower is assessed as Unlikely to Pay ("UTP"), namely, cannot fully repay credit obligations without collateral liquidation (would be classified as Stage 3).
- All borrowers classified as defaulted or high risk (rating grade below CC- and credit risk rating category 4 for real estate finance) are automatically assigned the "Financial Difficulty" indication flag (would be classified as Stage 2 if high risk or 3 if in default).

Regardless of the credit risk rating, any borrower may be assigned the Financial Difficulty indication flag if it is considered that they face or are about to face difficulties in meeting their credit obligations towards the Bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Unlikely to Pay ("UTP")

An exposure is considered UTP when the Bank assesses that the borrower is unlikely to fully meet his credit obligations without the liquidation of collateral, regardless of the existence of any past due amount or the number of days past due, with the exception of collaterals that are part of the production and trade chain of the borrower (e.g. properties for Real Estate companies).
In determining whether or not an exposure is UTP an assessment is made in order to; (a) determine events which when they occur, the exposure is identified as Non-Performing (Hard UTP Triggers) without any assessment needed by any Credit Committee, (b) determine triggers which when they occur, the borrower should be assessed by the Credit Committee to decide

if the borrower's exposures should be identified as Non-Performing or not (Soft UTP Triggers). This assessment takes place at the date of revision of the borrower's credit limits based on the credit risk rating. If finally, a borrower is flagged as UTP, then his credit risk rating should be D in the Bank systems.

It is noted that if a borrower flagged as UTP belongs to a Group of companies, then the Group should also be assessed as a whole by the Credit Committee for the existence or not of UTP. An exposure defined as UTP would be classified as Stage 3.
Non-performing financial assets

An exposure is considered as non-performing (when at least one of the following criteria applies at the time of the credit risk rating assessment:

- The exposure is more than 90 days past due ("NPL")
- Legal actions have been undertaken ("NPL")
- The exposure is classified as Forborne Non-Performing Exposure ("FNPL")
- It is assessed as UTP

An exposure is considered as default when the criteria specified by the definition of Non-Performing Exposures are met. An exposure defined as non-performing, or default would be classified as Stage 3.

Forborne non-performing financial assets

The Forborne Exposures that meet any of the following criteria should be classified as non-performing:

- They are supported by insufficient payment plans (either initial or subsequent payment plans, depending on the case) including, among other, repeated failure to comply with the repayment plan, changes to the payment plan for preventing breaches or support of payment plan to expectations that are not supported by macroeconomic forecasts or realistic assumptions about the ability or the willingness of the borrower to repay.

- They include contractual terms that delay the timing of regular repayment instalments in a manner that prevents the appropriate classification assessment, such as when grace periods over two years for capital repayment are granted.

- They have been reclassified from the performing classification, including remodified exposures or exposures over 30 days past due.

Credit risk at initial recognition

The Bank recognises an exposure in the Statement of Financial Position when it becomes a party to the contractual provisions of the exposure. Subsequently, the exposures are classified into stages and follow the credit risk measurement accordingly. The initial recognition date is defined as follows:

- The date of initial recognition is considered the sign off date of the contractual document (overdraft, loan agreement, etc.)

- For off-balance sheet exposures (Letters of Guarantee, Letters of Credit) the date of issuance

In each reporting period, a new assessment of whether there is a significant change in credit risk is performed in order to renew classification and measurement of exposures.

It is noted that an exposure is no longer recognised in the Bank's Statement of Financial Position when; the contractual rights to the cash flow from the asset expire, or the Bank transfers the financial asset without retaining control over them, by transferring the risks and rewards.

Significant increase in credit risk

For the timely identification of a significant increase in credit risk for an exposure after the initial recognition (SICR) (and the calculation of the lifetime credit loss of the exposure instead of the twelve months credit loss), the default risk at the reference date is compared to the default risk at the initial recognition date for all performing exposures, including those with no days past due (delinquencies).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The assessment for deciding if an exposure shows significant increase in credit risk or not is based on the following three types of Indicators:

- Qualitative Indicators: These refer to the use of qualitative information which is not necessarily depicted in the credit risk rating, as the Early Warning Triggers for the Real Estate Finance ("REF") loan book. The qualitative indicators are primary drivers for the assessment of the credit risk deterioration. See note 34 for the key triggers' description.

- Quantitative Indicators: For the REF loan book, this is the relative credit risk rating deterioration compared to their credit risk rating at initial recognition, namely from category 1,2 or 3 changing to 4 or D ('High Risk' or Default). For the portfolios originated in Greece (Cash Backed Loans fully secured by cash held with the Bank) these are classified as Stage 1 upon recognition and annually reviewed to identify any significant increase in credit risk.

- Backstop Indicators: In addition to the above, and with a view to addressing cases where there is no evidence of significant credit risk deterioration based on the quantitative and qualitative indicators, exposures over 30 days materially past due are considered by definition to show a significant increase in credit risk.

It is noted that if during the previous reporting period, credit losses were calculated for the lifetime of an exposure, but the same conditions no longer apply, then 12-month credit losses will be calculated for the current period.

4.5.5 Modification and derecognition of financial assets

The Bank shall derecognise a financial asset in the following cases:

(a) The contractual rights to the cash flows from the asset expire, or
(b) The Bank transfers the financial asset, and the transfer qualifies for derecognition, or
(c) The contractual cash flows of the assets are significantly modified.

No substantial modification has taken place during the period that led to derecognition of financial assets.

4.5.6 Financial liabilities

Financial liabilities are classified as either measured at FVTPL or at amortised cost.

Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL when it meets the definition of held-for-trading, or when it is designated as measured at FVTPL.

Liabilities measured at amortised cost

Liabilities measured at amortised cost include deposits, borrowings and other financial liabilities which are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

4.6 Derivative financial instruments

The Bank holds derivative financial instruments for risk management purposes, principally forward foreign exchange contracts. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. All derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. Interest received and paid on derivatives held for hedging are recognised in income statement on a grossed up basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank measures fair values using the following fair value hierarchy based on the significance of the inputs used in making the measurements as follows:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data having a significant effect on the instrument's valuation. This category also includes instruments that are valued based on observable inputs that require significant adjustments based on unobservable inputs.

Valuation techniques include net present value and discounted cash flow models, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity index prices and expected price volatilities and correlations.

The aim of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

4.8 Offsetting

Financial assets and liabilities are offset, and the amounts are reported net on the statement of financial position, only in cases when the Bank has the legally enforceable right to offset recognised amounts and there is the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.9 Property and equipment

This caption includes right of use assets, leasehold improvements and computer and other equipment. Property and equipment are stated at cost less accumulated depreciation. The historical cost includes costs relating to the addition of property and equipment.

Subsequent expenditure is capitalised or recognised as a separate asset only when it increases future economic benefits and can be measured reliably. Expenditure on repairs and maintenance is recognised in the Statement of Profit or Loss as an expense as incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives of property and equipment taking into account residual values.

The estimated useful lives are as follows:

- Right of use of assets — 10 years (first break clause of the lease).
- Leasehold improvements: — 10 years (first break clause of the lease).
- Computer and other equipment: — 3 to 10 years.

The residual value of property and equipment and their useful lives is periodically reviewed and adjusted, if necessary, at each reporting date.

Property and equipment is reviewed for impairment, in accordance with the general principles and methodology set out in IAS 36 ("Impairment of Assets") and the relevant implementation guidance, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Property and equipment, which is considered to be impaired, is carried at its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4.10 Intangible assets – computer software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.
Costs directly associated with the internal development of computer software are capitalised as intangible assets if the software is identifiable, under the control of the Bank and will produce future economic benefits. Such costs are stated at cost less accumulated depreciation.

Amortisation for software acquired by the Bank is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. Amortisation for capitalised costs associated with the internal development of computer software are amortised over the useful life of the asset, from the start of the project.
The estimated useful life of acquired software is three to five years and for capitalised costs associated with the internal development of computer software is seven years. Expenditure incurred to maintain software programs is recognised in the statement of profit or loss as incurred. The current carrying amount of Intangible assets is shown in note 22. The majority is work in progress and not yet amortised.

4.11 Leases

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and equipment and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the Bank's incremental borrowing rate (as there is no rate implicit in the lease). The incremental borrowing rate is determined using as reference rate the secured funding rate of the parent Bank Alpha Bank, adjusted for different currencies, and taking into consideration government yield curves, where applicable.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset or is recorded in the statement of profit or loss in case of the right-of use asset is zero) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the earliest period between the lease term and the useful life. The depreciation starts at the commencement date of the lease. The Bank applies IAS 36 to determine whether a right-of-use asset is impaired.
Incremental borrowing rate

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the Bank's incremental borrowing rate (as there is no rate implicit in the lease). The incremental borrowing rate is determined using as reference rate the secured funding rate of the parent Bank Alpha Bank, adjusted for different currencies, and taking into consideration government yield curves, where applicable.

4.12 Taxation

Income tax expense consists of current tax and deferred tax. It is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustments to the tax payable in respect of previous years.

Deferred tax is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognised for financial reporting and tax purposes. It is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are provided based on the tax rates that are expected to apply to the period of realisation or settlement using tax rates (and laws) enacted or substantively enacted at the Statement of Financial Position date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current assets against current tax liabilities, as well as when such taxes relate to the same fiscal authority.

4.13 Employee benefits

The Bank contributes to a defined contribution plan, the expense being charged to the Statement of Profit or Loss as incurred.

A defined contribution plan is where the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay employees the benefits relating to their employment with the Bank in current or prior years.

4.14 Net interest income recognition

Interest income and interest expense are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method.

When applying the effective interest method, interest is recognised in the statement of profit or loss in the period to which it relates, regardless of when it is to be paid. Therefore, interest is recognised in the period in which it accrues, even if payment is deferred. In some cases where interest is deemed to be irrecoverable, no interest shall be recognised in profit or loss in the period in which it accrues. However, if the unrecognised element of interest is received at a later date, it will be recognised in profit or loss in the period when it was received.

Effective interest method

This is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Effective interest rate ("EIR")

This is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the EIR, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but shall not consider the expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

For financial assets with future cash flows that cannot be estimated with certainty (i.e., overdrafts), the Bank's policy is to assume that the EIR is equal to the contractual interest rate. In this case all fees and transaction costs related to the instrument are directly recorded to profit or loss as commission income or expense respectively.

For floating interest rate financial assets, the EIR is updated due to the immediate re-estimation of cash flows to reflect movements in market rates of interest.

Interest income recognition

Depending on the classification into staging as described in Note 4.5.2, interest income is recognised as follows:

- Stage 1 and stage 2 financial assets: interest revenue is calculated by applying the EIR to the gross carrying amount of the financial asset.
- Stage 3 financial assets: interest revenue is calculated by applying the EIR to the amortised cost of the financial asset, net of any ECL provision.

4.15 Fees and commission income

Fees and commission income, which are not an integral part of the effective interest rate, are recognised on an accrual basis when the relevant service has been provided. If it is an integral component of the effective interest rate on a financial asset or liability it is included in the measurement of the effective interest rate and reported as part of interest income or expense. Incremental costs incurred to generate fee and commission income are charged to fees and commissions expense as they are incurred.

4.16 Net income from other financial instruments measured at FVTPL

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. Specifically, these include foreign exchanges gains and losses on derivative instruments.

4.17 Entity with only one operating segment

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses. The Board performs regular reviews of the operating results of the Bank and makes decisions using financial information at the entity level. Accordingly, the Board believes that the Bank has only one operating segment, being interest and fees earned on its lending and securities portfolio plus fees and commissions from securities and mutual fund transactions executed for customers. The Bank does not have any debt or equity instruments which are publicly traded and therefore is outside the scope of IFRS 8 (Operating Segments).

4.18 Investments in subsidiary undertakings

The subsidiary undertakings are accounted for at cost less provision for any impairment. Impairment losses on investments in subsidiary undertakings are measured as the difference between the carrying amount of the financial asset and the estimated recoverable amount.

4.19 Related parties

The Bank records separately transactions with related parties, including its parent, fellow subsidiaries / affiliates, key management personnel, entities controlled by key management and associated companies. A detailed analysis of these transactions can be seen in Note 35.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, management are required to make judgements that may have a significant impact on the amounts recognised and make estimates and assumptions about the carrying amounts of the 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.

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 following are the critical judgements that management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements.

5.1 Critical judgements in applying the Bank's accounting policies

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

Identifying and measuring the intangible assets resulting from implementation of Software-as-a-Service (SaaS) solutions.

The key judgement is whether the implementation of SaaS solutions results in an intangible asset and measuring the cost of the recognised intangible assets. In 2024 the Bank made investments to upgrade its main banking system. The upgrade consists of replacing the on-premise banking system with SaaS solution where the main costs are annual software licenses. However, there is also a one-off implementation cost that results in a recognition of intangible assets. Please see Note 22 for more information regarding the costs recognised in 2024.

Identifying and measuring prepayments resulting from implementation of SaaS solutions.

The key judgement is whether some expenses related to SaaS implementation which do not meet the intangible assets recognition criteria are to be recognised when the supplier provides access to the solution over the life of the contract or are to be recognised as and when the services are provided. Please see Note 23 for more information regarding the prepayments recognised in 2024.

5.2 Key sources of estimation uncertainty

Implementation costs meeting intangible assets criteria

- IAS 38 Intangible Assets outlines the criteria for intangible assets recognition. The main criteria is that the expense needs to meet the definition of intangible assets, which means that the asset needs to be identifiable, controlled by the Bank and needs to provide a future economic benefit. The nature of SaaS is that these solutions typically are not controlled by the Bank by definition. The Bank applied judgement in determining an approach to defining which implementation costs are within the Bank's control, concluding that a primary part of this is the integration hub which acts as the middleware for all the SaaS applications of the solution resulting in creating of an intangible asset. Furthermore, estimating exactly how much of the overall costs that relate to this element represents an estimate. The Company recognised £1.3m of intangible assets out of the total £2.5m implementation costs. The intangible asset is broken down as £531k of costs estimated by the system integrator to be directly relating to middleware build and testing (35% of such costs) with another £823k of costs relating to permanent and contractual human resources working on integration (90% of such costs based on an estimate by the project manager, excluding the costs of the project manager).

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTES TO THE STATEMENT OF PROFIT OR LOSS

6. NET INTEREST INCOME

	2024 £000's	2023 £000's
Interest and similar income		
Due from banks	8,844	7,013
Investment securities measured at FVTOCI	2,441	3,234
Loans and advances to customers	29,955	26,017
Total interest and similar income relating to financial assets	**41,240**	**36,264**
Interest expense and similar charges		
Due to banks	9,243	7,608
Due to customers	10,349	6,967
Debt securities in issue and other borrowed funds	724	672
Lease liabilities	66	112
Total interest expense and similar charges relating to financial liabilities	**20,382**	**15,359**

All the Bank's interest income and interest expense is calculated using the effective interest rate method except for interest expense on lease liabilities. Lease liabilities are measured at the present value of future lease payments using the Bank's internal borrowing rate.

7. FEES AND COMMISSION INCOME

	2024 £000's	2023 £000's
Client investment transactions	653	641
Sub-participation fees	275	94
Loans and advances to customers	272	315
Fund transfers	76	64
Other	8	11
Total	**1,284**	**1,126**

8. NET TRADING EXPENSE

	2024 £000's	2023 £000's
Revaluation of forward foreign exchange transactions	60	(67)
Total	**60**	**(67)**

9. OTHER OPERATING INCOME

	2024 £000's	2023 £000's
Gain on foreign exchange	100	96
Other	(3)	(60)
Total	**97**	**36**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. NET LOSS FROM DERECOGNITION OF FINANCIAL ASSETS

During both the year and the comparative period, the Bank made no sales of financial assets measured at amortised cost.

During the year, the Bank made sales of financial assets measured at FVTOCI for liquidity management purposes. Such sales also occurred in the comparative period. The below table summarises the carrying amount of the derecognised financial assets measured at FVTOCI, and the loss on derecognition, during the current year and the comparative period.

	Year ended 2024		Year ended 2023	
	Carrying amount of derecognised financial assets at FVTOCI	Net loss from derecognition	Carrying amount of derecognised financial assets at FVTOCI	Net loss from derecognition
	£000's	£000's	£000's	£000's
Multilateral development bank bonds	79,065	(34)	105,515	(82)
Total	**79,065**	**(34)**	**105,515**	**(82)**

11. STAFF COSTS

	2024 £000's	2023 £000's
Wages and salaries	7,312	6,616
Social security contributions	914	794
Expenses of defined contribution plan	658	601
Other	804	881
Total	**9,688**	**8,892**

The number of employees (including executive directors) employed by the Bank at the end of the financial years is:

	2024 Number	2023 Number
Front Office / Sales and Marketing	18	17
Operations and Admin Support	46	40
Compliance, Risk and Internal Audit	9	9
EXCO	6	6
Total	**79**	**72**

The average number of employees (including executive directors) is disclosed in line with the Companies Act requirements. For 2024 this was 78 (2023: 69).

12. EMOLUMENTS OF DIRECTORS

The total amounts for directors’ remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2024 £000's	2023 £000's
Salaries, bonuses, and benefits in kind	734	920
Total	**734**	**920**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. EMOLUMENTS OF DIRECTORS (continued)

The amounts for remuneration in 2023 included £258,000.00 received as compensation for loss of office by the highest paid director.

	2024 £000's	2023 £000's
Emoluments	560	754
Total	**560**	**754**

One director was member of the Bank’s pension scheme (2023: one).

As at 31 December 2024 there were no loans to the directors of the Bank (2023: nil).

13. GENERAL ADMINISTRATIVE EXPENSES

	2024 £000's	2023 £000's
Professional fees	2,032	768
Information systems	2,375	738
Office expenses	2,844	1,217
Premises	461	549
Banking costs	347	299
Insurance	136	155
Communication and travel	128	97
Marketing	92	63
Total	**8,415**	**3,886**

Professional fees include:

	2024 £000’s	2023 £000’s
Auditor’s remuneration:		
Fees payable to the Bank’s auditor for the audit of the Bank’s annual accounts	375	280
Total audit fees	**375**	**280**

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. INCOME TAX EXPENSE

	2024 £000's	2023 £000's
Corporation income tax		
Current year:		
UK corporation tax at 25% (2023: 23.25%)	531	1,991
Sub-total	531	1,991
Deferred tax		
Charge for the year	277	(44)
Total	**808**	**1,947**

The charge for the year can be reconciled to the profit before tax as follows:

	2024 £000's	2024 %	2023 £000's	2023 %
Profit before tax	3,163		8,267	
Current Tax expense				
Current tax on the above at 25% (2023: 23.52%)	791	25	1,944	23.52
Disallowable expenses	(260)	(8)	47	0.58
Tax expense for the year	**531**	**17**	**1,991**	**24.10**
Deferred Tax adjustment				
Deferred tax on depreciation	277	8	(44)	(0.53)
Total deferred tax expense	**277**	**8**	**(44)**	**(0.53)**
Total tax expense /effective tax rate	**808**	**25**	**1,947**	**23.56**

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the March 2022 Budget and substantively enacted on 24 May 2022.

15. IMPAIRMENT LOSSES AND PROVISIONS TO COVER CREDIT RISK

	2024 £000's	2023 £000's
Investment securities impairment	(5)	(3)
Loans and advances to customers	(1)	(168)
Undrawn commitments	(1)	-
Total	**(7)**	**(171)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16. CASH AND DUE FROM CREDIT INSTITUTIONS

Cash and due from credit institutions as shown in the Statement of Cash Flows reconciles to the related items in the Statement of Financial Position as shown below.

	2024 £000's	2023 £000's
Due from credit institutions	36,967	40,658
Total	**39,967**	**40,658**

17. DERIVATIVE FINANCIAL INSTRUMENTS

	2024	
	Fair value assets £000's	**Fair value liabilities £000's**
Derivatives held for trading purposes:		
Foreign exchange derivatives:		
Foreign exchange and cross currency swaps	2,868	899
Derivative financial instruments	**2,868**	**899**

	2023	
	Fair value assets £000's	**Fair value liabilities £000's**
Derivatives held for trading purposes:		
Foreign exchange derivatives:		
Foreign exchange and cross currency swaps	345	1,724
Derivative financial instruments	**345**	**1,724**

Notional amounts as at 31 December 2024 were £285,000,000 (2023: £169,000,000). As at year-end there were 13 foreign exchange and cross currency swaps outstanding (2023: 11).

18. INVESTMENT SECURITIES

Measured at FVTOCI

	2024 £000's	2023 £000's
Multilateral development bank bonds and sovereign debt	42,230	78,097
Total	**42,230**	**78,097**

All investment securities are classified as ‘Level 1’ with valuations using quoted prices from an active market.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. LOANS AND ADVANCES TO CUSTOMERS

Measured at amortised cost

	2024 £000's	2023 £000's
Loans and advances to customers	397,468	330,100
Expected credit loss ("ECL")	(9)	(10)
Total	**397,459**	**330,090**

	As at 31 December 2024			As at 31 December 2023		
	Gross carrying amount £000's	ECL allowance £000's	Carrying amount £000's	Gross carrying amount £000's	ECL £000's	Carrying amount £000's
Mortgage lending	22,798	-	22,798	24,460	-	24,460
Consumer lending	11,055	-	11,055	5,891	-	5,891
Retail lending	**33,853**	**-**	**33,853**	**30,351**	**-**	**30,351**
Corporate lending	363,615	(9)	363,606	299,749	(10)	299,739
Total lending	**397,468**	**(9)**	**397,459**	**330,100**	**(10)**	**330,090**

As at 31 December 2024, £351,400,000 (2023: £259,600,000) of loans and advances to customers are expected to mature more than 12 months after the reporting date.

20. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The subsidiaries of the Bank (registered at the same address as the Bank), which are all wholly owned and have issued only ordinary shares, are:

	Country of Incorporation	Nature of business
Alpha Bank London Nominees Limited – 00318931	United Kingdom	Dormant
ABL Independent Financial Advisers Limited – 03650230	United Kingdom	Dormant
Flagbright Limited – 01772433	United Kingdom	Dormant
Commercial Bank of London Limited – 02985015	United Kingdom	Dormant
Alpha Bank Limited – 06368721	United Kingdom	Dormant

Investments in subsidiary (number of £1 shares)	As at 1 January 2024	Movements	As at 31 December 2024
Alpha Bank London Nominees Limited	50	-	50
ABL Independent Financial Advisers Limited	1	-	1
Flagbright Limited	100	-	100
Commercial Bank of London Limited	1	-	1
Alpha Bank Limited	1	-	1
Total	**153**	**-**	**153**

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. PROPERTY AND EQUIPMENT

	Right of use of assets	Leasehold improvements	Computer and other equipment	Total
	£000's	£000's	£000's	£000's
Cost				
As at 1 January 2024	**4,892**	**2,748**	**1,228**	**8,868**
Additions	29	-	65	94
Disposals	-	-	-	-
As at 31 December 2024	**4,921**	**2,748**	**1,293**	**8,962**
Accumulated depreciation				
As at 1 January 2024	3,058	1,911	1,038	6,007
Charge for the year	615	275	78	968
Disposals	-	-	-	-
As at 31 December 2024	**3,673**	**2,186**	**1,116**	**6,975**
Net book value as at 31 December 2024	**1,248**	**562**	**177**	**1,987**

	Right of use of assets	Leasehold improvements	Computer and other equipment	Total
	£000's	£000's	£000's	£000's
Cost				
As at 1 January 2023	4,892	2,748	1,496	9,136
Additions	-	-	48	48
Disposal	-	-	(316)	(316)
As at 31 December 2023	**4,892**	**2,748**	**1,228**	**8,868**
Accumulated depreciation				
As at 1 January 2023	2,446	1,636	1,250	5,332
Charge for the year	612	275	104	991
Disposal	-	-	(316)	(316)
As at 31 December 2023	**3,058**	**1,911**	**1,038**	**6,007**
Net book value as at 31 December 2023	**1,834**	**837**	**190**	**2,861**

No impairment indicator noted during the year for right-of-use assets and all other property and equipment.

The Bank has only one on leased building which serves as its office. The lease term is 15 years (2023: 15 years). The maturity analysis of lease liabilities is presented in Note 29.

22. INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2024	2023
Software	**£000's**	**£000's**
Cost		
As at 1 January	1,449	1,603
Acquisition	1,354	71
Disposals	(50)	(225)
As at 31 December	**2,753**	**1,449**
Accumulated amortisation		
As at 1 January	1,362	1,534
Charge for the year	38	53
Disposals	(14)	(225)
As at 31 December	**1,386**	**1,362**
Net book value as at 31 December	**1,367**	**87**

NOTES TO THE FINANCIAL STATEMENTS (continued)

No impairment indicator noted during the year for intangible assets.

23. OTHER ASSETS

	2024 £000's	2023 £000's
Prepayments	1,502	678
Accrued fee income	357	103
Other receivables	(3)	18
Total	**1,856**	**799**

24. DUE TO BANKS

	2024 £000's	2023 £000's
Current accounts	1,962	201
Total	**1,962**	**201**

As at 31 December 2024 there were no term deposits due to banks maturing more than 12 months after the reporting date (2023: nil).

25. DUE TO CUSTOMERS

	2024 £000's	2023 £000's
Current accounts	97,409	115,697
Savings accounts	1,311	1,077
Notice accounts	58	61
Deposits received as collateral for loans	6,344	5,119
Term deposits	292,050	248,370
Total	**397,172**	**370,324**

As at 31 December 2024 and at 31 December 2023 all deposits from customers mature within 12 months of the reporting date.

26. SUBORDINATED DEBT

The Bank has a subordinated note of £10,000,000, issued to Alpha Bank A.E (subsequently Alpha Bank S.A.), which matures on 30 December 2034 and bears a fixed interest rate of 6.9% for the first five years, after which it will reprice (see note 34.7). The Bank has not made any defaults of principal, interest, or other breaches with regard to its subordinated liabilities during 2024 (2023: none).

The table below details changes to the Bank's liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

	Balance as at 1 January 2024 £000's	Changes from financing cash flows £000's	Other changes £000's	Balance as at 31 December 2024 £000's
Subordinated note	10,006	(726)	724	10,004
Total	**10,006**	**(726)**	**724**	**10,004**

	Balance as at 1 January 2023 £000's	Changes from financing cash flows £000's	Other changes £000's	Balance as at 31 December 2023 £000's
Subordinated note	10,003	(669)	672	10,006
Total	**10,003**	**(669)**	**672**	**10,006**

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. CURRENT INCOME TAX

	2024 £000's	2023 £000's
Current income tax receivable	(402)	(110)
Total	**(402)**	**(110)**

28. DEFERRED TAX LIABILITIES / ASSETS

	As at 1 January 2024 £000's	Charge to profit or loss £000's	Charge to OCI £000's	As at 31 December 2024 £000's
Depreciation/amortisation	28	(277)	-	(249)
Fair value reserve	(16)	-	14	(2)
Total	**12**	**(277)**	**14**	**(251)**

	As at 1 January 2023 £000's	Charge to profit or loss £000's	Charge to OCI £000's	As at 31 December 2023 £000's
Depreciation/amortisation	(16)	44	-	28
Fair value reserve	50	-	(66)	(16)
Total	**34**	**44**	**(66)**	**12**

The taxation rate as at 31 December 2024 is 25% (2023: 25%). The Bank does not have any non-recognised deferred tax assets.

29. LEASE LIABILITIES

The Bank leases a building. The lease had an original term of 15 years. A maturity analysis of the contractual discounted cash flows of the lease liabilities is depicted below:

	2024 £000's	2023 £000's
Maturity analysis:		
Year 1	858	826
Year 2	1,138	853
Year 3	-	1,132
Year 4	-	-
Year 5	-	-
Total	**1,996**	**2,811**

30. PROVISIONS

	2024 £000's	2023 £000's
Provisions for ECL on undrawn facilities	-	1
Total	**-**	**1**

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. OTHER LIABILITIES

	2024 £000's	2023 £000's
Accrued expenses	4,470	1,989
Total	**4,470**	**1,989**

32. SHARE CAPITAL AND OTHER RESERVES

Share Capital	**2024 £000's**	**2023 £000's**
Authorised, issued, allotted and fully paid:		
6,000,000 ordinary shares of £5 each	30,000	30,000
Total	**30,000**	**30,000**

The Bank has one class of ordinary shares which carry no right to fixed income.

Fair Value Reserve	**2024 £000's**	**2023 £000's**
As at 1 January	(2)	**(151)**
Fair value movement of debt instruments at FVTOCI	(5)	70
Amounts reclassified to profit or loss for debt instruments at FVTOCI	34	82
Allowance for ECL on debt instruments at FVTOCI	(5)	(3)
Balance as at 31 December	**22**	**(2)**

OFF-BALANCE SHEET INFORMATION

33. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

a) Regulatory and legal issues

The Bank has engaged with relevant governmental and regulatory authorities, on a regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, business conduct, competition/anti-trust, anti-bribery, anti-money laundering and sanctions regimes.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by the Bank, remediation of systems and controls, public or private censure, restriction of Bank's business activities and/or fines.

For legal cases where there is a significant probability of a negative outcome, and the result may be sufficiently estimated, the Bank creates a provision that is included in the Statement of Financial Position. There are no pending legal cases in progress which may have a material adverse impact on the Bank's financial position (2023: none). Therefore, the Bank has recorded no provision regarding pending litigation as at 31 December 2024.

Capital Requirements (Country-by-Country Reporting) Regulations 2013 ("Regulations") requires institutions to publish annually certain financial information. The Bank has complied with the Regulations in accordance with the provisions of Article 4 "Group disclosure" via the Greek tax authorities.

b) Tax issues

The Bank has no open matters in relation to the possibility that material additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognised as deductible by the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Off-Balance sheet contingent liabilities and asset

Contingent liabilities	2024 £000's	2023 £000's
Undrawn loan commitments	16,704	42,529
Undrawn overdraft facilities which are revocable	8,752	8,165
Total	**25,456**	**50,694**

Contingent assets	2024 £000's	2023 £000's
Loan facility commitment from parent	40,000	150,000
Total	**40,000**	**150,000**

34. FINANCIAL RISK MANAGEMENT

34.1 Overview

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's objectives, policies, and processes for measuring and managing risk, and the management of capital. The Board has established a Risk and Compliance Committee which reviews and assesses the Bank's risk appetite and recommends it to the Board for approval. On a day-to-day basis the Bank's risk management processes are overseen by the relevant executives, the Executive Committee, Credit Risk Committee, Asset and Liability Committee, and the Risk Management Department.

The Bank's financial instruments, other than derivatives, principally comprise loans and deposits that arise from its operations as a lending and deposit-taking institution. It also has a portfolio of debt securities held for investment and liquidity purposes, predominantly consisting of securities qualifying as part of the liquid assets buffer.

The main risks arising from the Bank's financial instruments are credit risk, market risk and liquidity risk. Market risk includes market price risk, interest rate risk and foreign exchange risk. The Bank's objectives, policies, and processes for measuring and managing these risks are described below and are the same as those in place in the previous year. The Board approves the Bank's Risk Appetite Framework annually.

34.2 Derivatives and other financial instruments

The Bank enters into a small number of derivative transactions, principally forward foreign exchange contracts and cross currency swaps for liability management purposes.

It is, and has been throughout the year under review, the Bank's policy that no speculative trading in financial instruments shall be undertaken.

34.3 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan facilities, investments in debt securities and derivatives that are an asset position). The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit Risk Management

The Bank's overall Credit Risk Appetite is expressed through its Risk Appetite Framework and evidenced by its risk management policies (qualitative/descriptive) together with the exposure and authorisation limits (quantitative) that are in place.

The policy regarding lending to bank and non-bank counterparties, countries and industries is set out in ABL's Lending Policy Statement, which is subject to periodic review by the Board.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Bank has in place an internally defined, limit-based system to facilitate credit risk control and monitor actual risk-taking against a predetermined credit risk appetite. Exposure limits are set for individual borrowers and groups of connected borrowers as well as for certain industries, economic sectors, and geographic regions to control concentration risk, in line with the Bank's risk appetite and business strategy.

The limits established are constantly monitored and are subject to a regular review by the responsible (based on the amount of the limit) approval body. Limits relating to specific sectors and countries are examined and approved by the Board of Directors and are included in the Bank's Risk Appetite Framework.

The Bank's exposure to credit risk is determined by the counterparties with whom the Bank conducts business, as well as the markets and countries in which those counterparties conduct their business. Counterparty and country limits are in place and the Bank performs credit appraisal procedures prior to advancing any facilities. The Bank also has policies on the levels of collateral required for secured facilities.

The Credit Risk Management has the following governance in place:

- The Bank's Board of Directors reviews and approves the Risk Appetite Policy, Classification and Measurement Policy and impairment policy.

- The Credit Risk Committee of the Bank has an oversight of the credit risk activities and the implementation of relevant strategy. The Committee is responsible for the evaluation of the adequacy and the effectiveness of policies and procedures of Bank's credit risk management regarding credit risk including portfolio risks, the monitoring and management by business line, geographic area, product activity and sector. The Committee will consider, and where appropriate approve, any necessary mitigating actions. The Committee is also responsible for adopting and maintaining Bank's risk grading to categorise exposures according to the degree of risk of default and for developing and maintaining Bank's processes for measuring ECL, including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

- Credit Committees approve individual credit limits and loan applications based on their delegated authority by the Group.

- The Internal Audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

IFRS 9 classification

The classification summary of assets and liabilities is presented in Note 4.5.2.

Significant increase in credit risk (Stage 2)

As explained in note 4.5.4 the Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

This is assessed using qualitative and quantitative indicators.

The qualitative indicators are the primary indicators for credit risk deterioration and are used to capture information that is not necessarily depicted in a timely fashion through the internal credit rating. The Bank has a comprehensive list of indicators described in its Early Warning Credit Risk Triggers document. The trigger events are reported by all business lines involved in the lending process and credit risk monitoring and logged by Credit Risk Management. The events are evaluated every impairment cycle by the Credit Risk Committee and an expert judgement is made whether the event represents a significant increase in credit risk or not. The most significant types of events are:

- Missed principal or interest repayment
- Moving to watch list status
- Unarranged overdrafts
- Significant deterioration in the market / sector / location in which the borrower operates

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Breach of covenants
- Adverse press publications
- Accidents and damage to the property collateral

The primary quantitative indicator is the internal credit rating score. The Bank uses an internal credit rating method, where the source of repayment and recovery of the loan granted depends primarily on the cash flows generated by the asset. The following areas are assessed using the model:

- Financial strength (financial ratios, stress tests)
- Political and legal environment (country outlook, political environment)
- Asset characteristics (location, lease agreement tenor)
- Strength of sponsor (sponsor quality and willingness to support the property)
- Security package (nature of lien, insurance, margin accounts)

The assessment using the model will allocate the borrower into the one of the first four ratings in the table below (the assessment is performed at origination and annually thereafter):

Rating
1 Strong
2 Good
3 Satisfactory
4 Weak
5 Default

The Bank estimates that a relative change in the internal rating from 1, 2 and 3 at origination to 4 at the reporting date represents a significant increase in credit risk and the assets will be reclassified from Stage 1 to Stage 2

In addition, loans will automatically be moved to Stage 2 if certain "backstop" events occur. This includes material arrears of greater than 30 days past due and the granting of certain concession events such as forbearance, where full repayment of principal and interest is expected.

Non-performing exposures and definition of default (Stage 3)

A loan is non-performing where it is considered unlikely that the borrower will repay its credit obligations in full, without recourse to actions such as realising security. Loans will be classified as credit impaired in any of the following circumstances:

- The exposure is more than 90 days past due.
- Legal actions have been undertaken by the Bank.
- The borrower is assessed as Unlikely to Pay (UTP)

When the credit worthiness of a loan account has deteriorated to such an extent that a loss seems likely, Credit Unit will decide if there should be a partial or total write off of the commitment. Any written off assets which are subject to enforcement actions resulting in subsequent recoveries shall first be applied against interest and any surplus applied to any principal.

Use of forward-looking economic information

Forward looking economic information is incorporated into the measurement of provisions in two ways: as an input to the calculation of ECL and as a factor in determining the staging of an asset. Expectations of future economic conditions are incorporated through modelling of multiple economic scenarios (MES).

The use of multiple economic scenarios ensures that the calculation of ECL captures a range of possible outcomes. The IFRS 9 ECL provision reported in the accounts is therefore the probability-weighted sum of the provisions calculated under a range of economic scenarios.

The Bank has adopted the use of three economic scenarios (base, upside and downside scenarios). The scenarios and the weightings are derived using external data and together with management judgement. Below is a summary of assumptions and forward-looking information used as at 31 December 2024, together with the sensitivity analysis per scenario:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Scenarios	Macroeconomic factor: property price moves 1 year	Scenario probability	ECL before probability weighting	ECL sensitivity to 1% increase in scenario probability
Adverse Scenario	-32%***	10%	43,427	434
Base Scenario	-15%	80%	6,142	61
Upside Scenario	0%	10%	-	-
Weighted / Total	**-19%***	**100%**	**9,256 ** **	

* Bank's probability weighted price move compared to Savill's 2024 forecast of +43% in 2025, see Savill's website, mainstream residential forecast data (Savills UK | Mainstream Residential Forecasts 2025-29)
** Including off-balance sheet loan commitments
*** average by combining residential -28% and commercial -35% price movements

Below is a summary of assumptions and forward-looking information used as at 31 December 2023, together with the sensitivity analysis per scenario:

Scenarios	Macroeconomic factor: property price moves 1 year	Scenario probability	ECL before probability weighting	ECL sensitivity to 1% increase in scenario probability
Adverse Scenario	-40%***	15%	77,040	770
Base Scenario	-20%	80%	-	-
Upside Scenario	-8%	5%	-	-
Weighted / Total	**-15%***	**100%**	**11,556 ** **	

* Bank's probability weighted price move compared to Savill's 2023 forecast of -3% in 2024, see Savill's website, mainstream residential forecast data (Savills UK | Mainstream Residential Forecasts 2024-28)
** Including off-balance sheet loan commitments
*** average by combining residential -35% and commercial -45% price movements

NOTES TO THE FINANCIAL STATEMENTS (continued)

Measuring credit losses

Expected Credit Loss (ECL) is calculated using the following formula:

Probability of default (‘PD’) x Exposure at default (‘EAD’) x Loss given default (‘LGD’)

Term	Definition
Probability of default (PD)	The probability of a default event occurring based on conditions existing at the reporting date and future economic conditions that affect credit risk. Probability of default has been determined based on external Credit Rating agencies corporate default studies adjusted for ABL business model and UK macroeconomic environment. The lifetime PD forms part of the IFRS 9 stage assessment as well as the ECL calculation.
Exposure at default	The expected outstanding balance of the asset at default, considering the repayment of principal and interest from the reporting date to the date of default.
Loss given default	The proportion of the exposure that is expected to be lost in the event of default, taking account of the impact of collateral and its expected value at the point of realisation.

To calculate the lifetime ECL for a loan, separate 12-month ECL calculations are performed for each year of the loan’s expected life. The outputs of these calculations for each year are then combined.

The PD, EAD and LGD inputs for the 12-month ECL calculations incorporate management’s expectations of future performance, including forward looking economic assumptions. To reflect the uncertainty inherent in economic forecasting, multiple ECL calculations are performed using different sets of assumptions (scenarios) that are considered possible.

The tables below show the Bank’s exposure to credit risk based on the Bank’s internal credit rating system and the markets and countries in which the Bank’s customers conduct their business. As at 31 December, these exposures are as follows:

34.3.1 Credit risk - loans and advances to customers, due from banks and investment securities

		2024			2023
Loans and advances to customers at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**		
	£000’s	**£000’s**	**£000’s**	**£000’s**	**£000’s**
Credit Rating Zone:					
Strong	103,360	-	-	103,360	75,943
Satisfactory	257,996	29,452	-	287,448	250,813
Watch List	-	3,346	-	3,346	3,344
Default	-	-	3,314	3,314	-
Not rated	-			-	-
Total gross carrying amount	**361,356**	**32,798**	**3,314**	**397,648**	**330,100**
Loss allowance	**(9)**	**-**	**-**	**(9)**	**(10)**
Net carrying amount	**361,347**	**32,798**	**3,314**	**397,459**	**330,090**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2024				2023
Loan commitments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**		
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Credit Rating Zone:					
Strong	13,455	-	-	13,455	13,302
Satisfactory	12,001	-	-	12,001	37,392
Watch List	-	-	-	-	-
Default	-	-	-	-	-
Not Rated	-	-	-	-	-
Total amount committed	**25,456**	**-**	**-**	**25,456**	**50,694**
Loss allowance	**-**	**-**	**-**	**-**	**(1)**

	2024				2023
Due from banks at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
External Credit Ratings:	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**£000's**	**£000's**
AAA – AA3	3,838	-	-	3,838	3,636
A1 – A3	31,909	-	-	31,909	33,548
BAA1 – BAA3	680	-	-	680	1,603
B1-B3	-	-	-	-	1,238
CAA1 – CAA3	120	-	-	120	-
Not Rated	420	-	-	420	633
Total gross carrying amount	**36,967**	**-**	**-**	**36,967**	**40,658**
Loss allowance	**-**	**-**	**-**	**-**	**-**
Net carrying amount	**36,967**	**-**	**-**	**36,967**	**40,658**

	2024				2023
Investment securities at FVTOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
External Credit Ratings:	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**£000's**	**£000's**
AAA – AA3	42,230	-	-	42,230	78,097
A1 – A3	-	-	-	-	-
BAA1 – BAA3	-	-	-	-	-
Total carrying amount	**42,230**	**-**	**-**	**42,230**	**78,097**
Loss allowance	**(3)**	**-**	**-**	**(3)**	**(8)**

The external credit ratings are shown in Moody's scale equivalent.

"Not rated" encompasses exposures where there's no external rating available from Moody's.

NOTES TO THE FINANCIAL STATEMENTS (continued)

This table summarises the loss allowance as of the year end by asset class:

Cumulative allowance by asset class	Year ended 2024 £'000s	Year ended 2023 £'000s
Loans and advances to customers at amortised cost	9	10
Investment securities at FVTOCI	3	8
Undrawn commitments	-	1
Total	**12**	**19**

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

Loss allowance - Debt investment securities at FVTOCI	Stage 1 12-month ECL £'000s	Stage 2 Lifetime ECL £'000s	Stage 3 Lifetime ECL £'000s	Total £'000s
Loss allowance as at 1 January 2024	8	-	-	8
Changes in the loss allowance	-	-	-	-
—Transfer to stage 1	-	-	-	-
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-	-	-	-
—Increases due to changes in credit risk	-	-	-	-
—Decreases due to changes in credit risk	(2)	-	-	(2)
—Write-offs	-	-	-	-
New financial assets originated or purchased	2	-	-	2
Financial assets that have been derecognised	(5)	-	-	(5)
Changes in models / risk parameters	-	-	-	-
FX changes and other movements	-	-	-	-
Loss allowance as at 31 December 2024	**3**	**-**	**-**	**3**

Loss allowance - Debt investment securities at FVTOCI	Stage 1 12-month ECL £'000s	Stage 2 Lifetime ECL £'000s	Stage 3 Lifetime ECL £'000s	Total £'000s
Loss allowance as at 1 January 2023	**12**	-	-	**12**
Changes in the loss allowance	-	-	-	**-**
—Transfer to stage 1	-	-	-	**-**
—Transfer to stage 2	-	-	-	**-**
—Transfer to stage 3	-	-	-	**-**
—Increases due to changes in credit risk	-	-	-	**-**
—Decreases due to changes in credit risk	(3)	-	-	**(3)**
—Write-offs		-	-	
New financial assets originated or purchased	5	-	-	**5**
Financial assets that have been derecognised	(6)	-	-	**(6)**
Changes in models / risk parameters	-	-	-	**-**
FX changes and other movements	-	-	-	**-**
Loss allowance as at 31 December 2023	**8**	**-**	**-**	**8**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Loss allowance - Loans and advances to customers at amortised cost	**Stage 1** **12-month ECL** **£'000s**	**Stage 2** **Lifetime ECL** **£'000s**	**Stage 3** **Lifetime ECL** **£'000s**	**Total** **£'000s**
Loss allowance as at 1 January 2024	8	2	**-**	10
Changes in the loss allowance	-	-	-	-
—Transfer to stage 1	-	-	-	-
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-	-	-	-
—Increases due to changes in credit risk	-	-	-	-
—Decreases due to changes in credit risk	(9)	(2)	-	(11)
—Write-offs	-	-	-	-
New financial assets originated or purchased	10	-	-	10
Financial assets that have been derecognised	-	-	-	-
Changes in models / risk parameters	-	-	-	-
FX changes and other movements	-	-	-	-
Loss allowance as at 31 December 2024	**9**	**-**	**-**	**9**

Loss allowance - Loans and advances to customers at amortised cost	**Stage 1** **12-month ECL** **£'000s**	**Stage 2** **Lifetime ECL** **£'000s**	**Stage 3** **Lifetime ECL** **£'000s**	**Total** **£'000s**
Loss allowance as at 1 January 2023	**168**	**11**	**-**	**179**
Changes in the loss allowance	-	-	-	**-**
—Transfer to stage 1	-	-	-	**-**
—Transfer to stage 2	(2)	2	-	**-**
—Transfer to stage 3	-	-	-	**-**
—Increases due to changes in credit risk	-	-	-	**-**
—Decreases due to changes in credit risk	(158)	(11)	-	**(169)**
—Write-offs	-	-	-	**-**
New financial assets originated or purchased	-	-	-	**-**
Financial assets that have been derecognised	-	-	-	**-**
Changes in models / risk parameters	-	-	-	**-**
FX changes and other movements	-	-	-	**-**
Loss allowance as at 31 December 2023	**8**	**2**	**-**	**10**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Loss allowance - Loans commitments	**Stage 1** **12-month ECL** **£'000s**	**Stage 2** **Lifetime ECL** **£'000s**	**Stage 3** **Lifetime ECL** **£'000s**	**Total** **£'000s**
Loss allowance as at 1 January 2024	**1**	**-**	**-**	**1**
Changes in the loss allowance	-	-	-	-
—Transfer to stage 1	-	-	-	-
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-	-	-	-
—Increases due to changes in credit risk	-	-	-	-
—Decreases due to changes in credit risk	(1)	-	-	**(1)**
—Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Changes in models / risk parameters	-	-	-	-
FX changes and other movements	-	-	-	-
Loss allowance as at 31 December 2024	**-**	**-**	**-**	**-**

Loss allowance - Loans commitments	**Stage 1** **12-month ECL** **£'000s**	**Stage 2** **Lifetime ECL** **£'000s**	**Stage 3** **Lifetime ECL** **£'000s**	**Total** **£'000s**
Loss allowance as at 1 January 2023	**-**	**-**	**-**	**-**
Changes in the loss allowance	-	-	-	-
—Transfer to stage 1	-	-	-	-
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-	-	-	-
—Increases due to changes in credit risk	-	-	-	-
—Decreases due to changes in credit risk	-	-	-	-
—Write-offs	-	-	-	-
New financial assets originated or purchased	1	-	-	**1**
Financial assets that have been derecognised	-	-	-	-
Changes in models / risk parameters	-	-	-	-
FX changes and other movements	-	-	-	-
Loss allowance as at 31 December 2023	**1**	**-**	**-**	**1**

NOTES TO THE FINANCIAL STATEMENTS (continued)

34.3.2 Concentration by sector as at 31 December 2024

	Due from banks at amortised cost £000's	Loans and advances at amortised cost £000's	Investment securities at FVTOCI £000's	Total £000's
Multilateral development banks	-	-	9,668	9,668
Sovereigns	-	-	32,562	32,562
Banks	36,967	-	-	36,967
Individuals	-	33,854	-	33,854
Real estate companies	-	363,605	-	363,605
Total	**36,967**	**397,459**	**42,230**	**476,656**

Concentration by sector as at 31 December 2023

	Due from banks at amortised cost £000's	Loans and advances at amortised cost £000's	Investment securities FVTOCI £000's	Total £000's
Multilateral development banks	-	-	33,209	33,209
Sovereigns	-	-	44,888	44,888
Banks	40,658	-	-	40,658
Individuals	-	30,351	-	30,351
Real estate companies	-	299,739	-	299,739
Total	**40,658**	**330,090**	**78,097**	**448,845**

Concentration by location as at 31 December 2024

Country	**Group**	Due from banks at amortised cost £000's	Loans and advances at amortised cost £000's	Investment securities at FVTOCI £000's	Total £000's
UK	Domestic	7,990	385,061	11,876	404,927
Greece	Parent	477	1,803	-	2,280
Luxembourg	Eurozone	680	-	-	680
Germany	Eurozone	95	-	-	95
Belgium	Eurozone	3,901	-	8,260	12,161
France	Eurozone	18,676	-	12,426	31,102
Cyprus	Eurozone	-	10,058	-	10,058
USA	North America	5,148	-	-	5,148
Supranational organisations	Supranational	-	-	9,668	9,668
Guernsey	Offshore	-	-	-	-
Other	Other	-	537	-	537
Total		**36,967**	**397,459**	**42,230**	**476,656**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Concentration by location as at 31 December 2023

Country	Group	Due from banks at amortised cost £000's	Loans and advances at amortised cost £000's	Investment securities at FVTOCI £000's	Total £000's
UK	Domestic	11,055	316,080	11,877	339,012
Greece	Parent	1,692	2,301	-	3,993
Luxembourg	Eurozone	1,603	-	-	1,603
Germany	Eurozone	412	-	-	412
Belgium	Eurozone	3,815	-	8,771	12,586
France	Eurozone	13,598	1,493	13,145	28,236
Cyprus	Eurozone	-	9,878	-	9,878
USA	North America	8,484	-	-	8,484
Supranational organisations	Supranational	-	-	33,209	33,209
Guernsey	Offshore	-	-	-	-
Other	Other	-	338	11,095	11,433
Total		**40,659**	**330,090**	**78,097**	**448,846**

The presentation follows the FINREP convention showing the location of the borrower for all classes of assets.

Supranational organisations include European Investment Bank debt securities of £nil (2023: £15,765,141).

The Bank's maximum credit exposure is £504,978,000 (2023: £499,884,000) including derivatives and committed undrawn facilities. The table below shows further breakdown.

	2024 £000's	2023 £000's
Due from banks at amortised cost (including derivatives)	39,834	41,003
Loans and advances at amortised cost (including committed undrawn facilities)	422,914	380,784
Investment securities at FVTOCI	42,230	78,097
Total	**504,978**	**499,884**

34.3.3 Loans and advances to customers: impairment analysis

As at 31 December 2024

	Gross carrying amount £000's	ECL £000's	Net carrying amount £000's
Not past due (current)	397,234	(9)	397,225
Past due from 1 to 29 days	234	-	234
Past due from 30 to 59 days	-	-	-
Past due from 60 to 89 days	-	-	-
Past due over 90 days	-	-	-
Total	**397,468**	**(9)**	**397,459**

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

	Gross carrying amount £000's	ECL £000's	Net carrying amount £000's
Not past due (current)	330,010	(10)	330,000
Past due from 1 to 29 days	-	-	-
Past due from 30 to 59 days	80	-	80
Past due from 60 to 89 days	-	-	-
Past due over 90 days	-	-	-
Total	**330,090**	**(10)**	**330,080**

The carrying amount of loans which are individually impaired is written down to the recoverable amount of all expected future cash flows, discounted using the original effective interest rates. There were no loans written off during the year (2022: none).

34.3.4 Loans and advances - collateral analysis

At the year-end, fully secured lending accounts for almost 100% (2023: almost 100%) of the loans and advances to customers. A breakdown of the fully collateralised lending is summarised in the table below. Collateral may consist of property, cash or guarantees. The fair value of the collateral exceeds the carrying amount of the loan in all cases (except for impaired loans) and as such the value of the loan is shown and not the value of the collateral. Formal valuations of collateral are obtained prior to disbursement of all loans. These valuations are annually updated to 'desktop valuations' using the land price index from the HM Land Registry, in the case of residential accommodation, and by using the latest CBRE review of Prime Rents and Yields for commercial investment properties in the UK.

Collateralised loans	**2024 £000's Gross exposure**	**2024 £000's ECL**	**2023 £000's Gross exposure**	**2023 £000's ECL**
LTVs < 40%	73,281	0	56,806	(1)
LTVs > 40% < 50%	108,230	-	112,266	-
LTVs > 50% < 60%	200,466	-	161,018	(9)
LTVs > 60% < 70%	14,241	(9)	-	-
LTVs > 70% < 80%	1,248	-	-	-
LTVs > 80% < 100%	-	-	-	-
LTVs >= 100%	2	-	-	-
Cash collateralised lending	-	-	-	-
Other collateralised lending	-	-	-	-
Unsecured lending (Syndicated Bond Loans and other loans)		-	-	-
Total of collateralised lending	**397,468**	**(9)**	**330,090**	**(10)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

34.4 Market risk

34.4.1 Overview

Market risk is the risk of losses arising from unfavourable changes in the value of interest rates, foreign exchange rates and credit spreads that will affect the Bank's income and/or value of its holdings of financial instruments. Losses may also occur either from the FVTOCI portfolio or from the asset liability management. The objective of market risk management is to maintain market risk exposures within acceptable parameters. The Bank has a portfolio of debt securities held for investment and liquidity purposes, predominantly consisting of securities qualifying as part of the liquid assets buffer. It is the Bank's policy to hold all such securities as FVTOCI. Management monitor market price movements of the financial instruments held, and these details are circulated for review to the Board of Directors.

34.4.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fall because of changes in market interest rates. The Bank principally borrows and lends to customers at floating rates of interest. Occasionally it may lend to customers at a fixed interest rate, in which the resulting interest rate risk is naturally hedged through the equity of the liability side. At 31 December 2024 the Bank had ten fixed rate loans (2023: the Bank had no fixed rate loans).

Key management personnel monitor interest rate risk via daily interest rate sensitivity reporting as well as a more thorough review for regulatory reporting purposes on a quarterly basis.

34.4.3 Interest rate profile

A 2% fall in benchmark interest rates is estimated to decrease net interest income by £860,000 (2023: increase of £326,000). This is calculated in line with guidance from the Prudential Regulation Authority. The decrease in 2024 is caused by the subordinated debt being fixed rate and repricing after five years whilst loans will reprice to reflect the lower interest rate at the next rollover, typically within three months.

The table below summarises the re-pricing mismatches on the Bank's non-trading book as at 31 December. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

INTEREST RATE PROFILE AT 31 DECEMBER 2024

	Carrying amount £000's	< 1 month £000's	1 - 3 months £000's	3 -12 months £000's	1 - 5 years £000's	> 5 years £000's	Non-interest bearing £000's
Assets							
Due from credit institutions	36,967	36,967	-	-	-	-	-
Loans and advances to Customers	397,459	370,746	26,143	569	-	-	-
Investment securities	42,230	9,404	26,899	5,927	-	-	-
Property, equipment and software	3,354	-	-	-	-	-	3,354
Current tax	402	-	-	-	-	-	402
Deferred tax asset	-	-	-	-	-	-	-
Other assets	1,856	-	-	-	-	-	1,856
Derivative financial assets	2,868	-	-	-	-	-	2,868
Total	**485,136**	**417,117**	**53,042**	**6,496**	**-**	**-**	**8,480**
Liabilities							
Due to banks	1,962	1,962	-	-	-	-	-
Derivative financial liabilities	899	-	-	-	-	-	899
Due to customers	397,172	147,265	98,568	151,340	-	-	-
Subordinated debt	10,004	-	-	-	-	-	-
Deferred tax liability	251	-	-	-	-	-	251
Lease liabilities	1,996	-	-	-	-	-	1,996
Other liabilities	4,470	-	-	-	-	-	4,470
Equity	68,382	-	-	-	-	-	68,382
Total	**485,136**	**149,227**	**98,568**	**151,340**	**-**	**-**	**75,998**

NOTES TO THE FINANCIAL STATEMENTS (continued)

INTEREST RATE PROFILE AT 31 DECEMBER 2023

	Carrying amount £000's	< 1 month £000's	1 - 3 months £000's	3 -12 months £000's	1 - 5 years £000's	> 5 years £000's	Non-interest bearing £000's
Assets							
Cash	-	-	-	-	-	-	-
Due from credit institutions	40,658	40,658	-	-	-	-	-
Loans and advances to Customers	330,090	295,943	34,147	-	-	-	-
Investment securities	78,097	19,311	13,898	44,888	-	-	-
Property, equipment and software	2,948	-	-	-	-	-	2,948
Current tax	110	-	-	-	-	-	110
Deferred tax asset	28		-	-	-	-	28
Other assets	799		-	-	-	-	799
Derivative financial assets	345	-	-	-	-	-	345
Total	**453,075**	**355,912**	**48,045**	**44,888**	**-**	**-**	**4,230**
Liabilities							
Due to banks	201	201	-	-	-	-	-
Derivative financial liabilities	1,724	-	-	-	-	-	1,724
Due to customers	370,324	161,494	83,037	125,793	-	-	-
Subordinated debt	10,006	10,006	-	-	-	-	-
Deferred tax liability	16	-	-	-	-	-	16
Lease liabilities	2,811	-	-	-	-	-	2,811
Other liabilities	1,990	-	-	-	-	-	1,990
Equity	66,003	-	-	-	-	-	66,003
Total	**453,075**	**171,701**	**83,037**	**125,793**	**-**	**-**	**72,544**

34.4.4 Foreign currency risk

ABL has exposure to currency risk due to the volatility of foreign exchange rates. Foreign currency exposure arises through the daily mark to market of forward foreign exchange contracts and currency swaps conducted in the normal course of business for asset and liability management purposes. In addition, ABL offers foreign exchange services to customers however no proprietary positions are taken with any small residual open positions being managed within currency limits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34.4.5 Currency exposures

The table below shows the Bank's currency exposures. Such exposures comprise the assets and liabilities of the Bank. As at 31 December, these exposures were as follows:

FOREIGN EXCHANGE POSITION AS AT 31 DECEMBER 2024

	GBP	USD	EUR	OTHER	TOTAL
ASSETS	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Due from banks	8,904	6,463	21,079	521	36,967
Derivative financial assets	2,868	-	-	-	2,868
Loans and advances to customers	383,714	673	13,072	-	397,459
Investment securities (FVOCI)	11,876	9,668	20,686	-	42,230
Property, equipment, and software	3,354	-	-	-	3,354
Current tax	402	-	-	-	402
Deferred tax	-	-	-	-	-
Other assets	1,856	-	-	-	1,856
Total Assets	**412,974**	**16,804**	**54,837**	**521**	**485,136**
LIABILITIES					
Due to banks	72	113	1,777	-	1,962
Derivative financial liabilities	899	-	-	-	899
Due to customers	133,917	90,794	171,138	1,323	397,172
Borrowed funds	10,004	-	-	-	10,004
Deferred tax	251	-	-	-	251
Lease liabilities	1,996	-	-	-	1,996
Provisions	-	-	-	-	-
Other liabilities	4,408	28	34	-	4,470
Equity	68,363	11	8	-	68,382
Total Liabilities	**219,910**	**90,946**	**172,957**	**1,323**	**485,136**
Net on-balance sheet position	193,064	(74,142)	(118,120)	(802)	-
Notional off-balance sheet position derivatives	(190,622)	74,116	118,084	804	2,382
Net position	2,442	(26)	(36)	2	**2,382**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOREIGN EXCHANGE POSITION AS AT 31 DECEMBER 2023

	GBP	USD	EUR	OTHER	TOTAL
ASSETS	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Cash and balances with central banks	-	-	-	-	-
Due from banks	11,859	9,757	16,765	2,277	40,658
Derivative financial assets	345	-	-	-	345
Loans and advances to customers	320,681	942	8,467	-	330,090
Investment securities (FVOCI)	11,878	33,209	33,010	-	78,097
Property, equipment, and software	2,948	-	-	-	2,948
Current tax	110				110
Deferred tax	28	-	-	-	28
Other assets	799	-	-	-	799
Total Assets	**348,648**	**43,908**	**58,242**	**2,277**	**453,075**
LIABILITIES					
Due to banks	141	60	-	-	201
Derivative financial liabilities	1,724	-	-	-	1,724
Due to customers	101,295	84,051	182,701	2,277	370,324
Borrowed funds	10,006	-	-	-	10,006
Deferred tax	16	-	-	-	16
Lease liabilities	2,811	-	-	-	2,811
Provisions	1	-	-	-	1
Other liabilities	1,989	-	-	-	1,989
Equity	66,000	(1)	4	-	66,003
Total Liabilities	**183,983**	**84,110**	**182,705**	**2,277**	**453,075**
Net on-balance sheet position	164,665	(40,203)	(124,462)	-	-
Notional off-balance sheet position derivatives	(165,546)	40,222	124,469	-	(855)
Net position	(881)	19	7	-	**(855)**

34.5 Liquidity risk

It is Bank policy to maintain a sufficient buffer to meet liquidity requirements as set out in the Internal Liquidity Adequacy Assessment Process ("ILAAP") document.

Liquidity risk is the risk that the Bank will not have sufficient funds to meet its obligations. The Bank's exposure to liquidity risk is managed based on policies set by the Board and agreed with the Prudential Regulation Authority. These include the holding of sufficient immediately available cash or marketable assets, ensuring asset and liability cash flows are appropriately matched and having the ability to arrange further borrowing if required. Customer retail deposits are protected by a liquid assets buffer.

A maturity analysis is set out below. Cash flows arising from all liabilities are estimated and classified into relevant time periods, depending on when they occur. Management have used current interest rates to estimate future interest cash flows. The table below analyses liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date and estimated interest outflows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS AT 31 DECEMBER 2024

	Carrying amount £000's	Gross nominal outflow £000's	< 1 month £000's	1 – 3 months £000's	3 -12 months £000's	1 – 5 years £000's	>5 years £000's
NON-DERIVATIVE LIABILITIES							
Due to banks	1,962	(1,962)	(1,962)	-	-	-	-
Due to customers	397,172	(400,660)	(152,729)	(93,685)	(154,246)	-	-
Borrowed funds	10,004	(13,454)	-	-	-	(13,454)	-
Other liabilities	6,717	(6,847)	(4,721)	(211)	(853)	(1,062)	-
Total	**415,855**	**(422,923)**	**(159,412)**	**(93,896)**	**(155,099)**	**(14,516)**	**-**

MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS AT 31 DECEMBER 2023

	Carrying amount £000's	Gross nominal outflow £000's	< 1 month £000's	1 – 3 months £000's	3 -12 months £000's	1 – 5 years £000's	>5 years £000's
NON-DERIVATIVE LIABILITIES							
Due to banks	201	(201)	(201)	-	-	-	-
Due to customers	370,324	(372,963)	(165,675)	(79,555)	(127,733)	-	-
Borrowed funds	10,006	(10,410)	-	163	(10,573)	-	-
Other liabilities	4,800	(4,960)	(2,007)	(205)	(826)	(1,922)	-
Total	**385,331**	**(388,534)**	**(167,883)**	**(79,597)**	**(139,132)**	**(1,922)**	**-**

MATURITY ANALYSIS OF DERIVATIVE LIABILITIES AS AT 31 DECEMBER 2024

	Carrying amount £000's	Gross nominal outflow £000's	< 1 month £000's	1 – 3 months £000's	3 -12 months £000's	1 – 5 years £000's	> 5 years £000's
DERIVATIVE LIABILITIES							
Derivative financial liability	899	(899)	-	(899)	-	-	-
Total	**899**	**(899)**	**-**	**(899)**	**-**	**-**	**-**

MATURITY ANALYSIS OF DERIVATIVE LIABILITIES AS AT 31 DECEMBER 2023

	Carrying amount £000's	Gross nominal outflow £000's	< 1 month £000's	1 – 3 months £000's	3 -12 months £000's	1 – 5 years £000's	> 5 years £000's
DERIVATIVE LIABILITIES							
Derivative financial liability	1,724	(1,724)	-	(1,724)	-	-	-
Total	**1,724**	**(1,724)**	**-**	**(1,724)**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

34.6 Climate Change risk

Climate Change risk is the risk of financial loss or significant alteration to a firm's strategic objectives, arising from, or as a result of, the manifestation of one or more disruptive weather-related or environmental events. Financial risks from climate change arise through two primary channels, or risk factors: physical and transition.

The Bank's lending policy has been updated to include controls around the physical and transition risk resulting from climate change risk.

The Bank has assessed the impact of climate change on its lending business and there was no material exposure to climate change risk during the reporting period.

34.7 Capital management

The Bank's objectives when managing capital are to:

- Safeguard the Bank's ability to continue as a going concern;
- Comply with the capital requirements set by its regulators at all times; and
- Maintain a strong capital base to support the future strategy and development of the business.

It is Bank policy to maintain a sufficient buffer to meet capital requirements as set out in the Internal Capital Adequacy Assessment Process ("ICAAP") document.

The Bank is subject to minimum capital requirements imposed by the Prudential Regulatory Authority ("PRA") following guidelines developed by the Basel Committee on Banking Supervision and implemented in the United Kingdom by the European Union Capital Requirements Directive and Regulation (together known as "CRD V" / "CRR II"). Under this framework the Bank has elected to adopt the standardised approach for credit and market risk, and the basic indicator approach for operational risk. The minimum requirement set by the PRA, known as the Bank's Individual Capital Guidance ("ICG"), is expressed as a percentage of total capital to total risk-weighted assets together with a capital planning buffer.

The Bank calculates its capital requirement and compares it with its ICG monthly. During the year no breaches of externally imposed capital requirements have been reported.

The Bank's regulatory capital is set out below and includes Tier I capital (share capital, retained earnings and the fair value reserve) and Tier 2 capital (subordinated debt).

Regulatory analysis

	2024 £000's	2023 £000's
Tier 1		
Share capital	30,000	30,000
Retained earnings	38,360	36,005
FVTOCI reserve	22	(2)
Intangible assets	(1,367)	(87)
Total Tier 1 capital	**67,015**	**65,916**
Tier 2		
Subordinated debt (excluding accrued interest)	10,000	2,000
Total Tier 2 capital	**10,000**	**2,000**
Total Tier 1 and Tier 2 capital	**77,015**	**67,916**
Total regulatory capital	**77,015**	**67,916**

NOTES TO THE FINANCIAL STATEMENTS (continued)

OTHER INFORMATION

35. RELATED PARTY TRANSACTIONS

A number of banking transactions are entered into with related parties in the normal course of business and include loans, deposits and foreign currency transactions. The outstanding balances at the year-end, and the related income and expense for the year are as follows:

As at 31 December 2024	**Parent** **£000's**	**Fellow subsidiaries/ affiliates** **£000's**	**Key management personnel** **£000's**
Assets			
Derivative financial instruments	2,868	-	-
Due from banks	120	357	-
Other	-	9	-
Total assets	**2,988**	**366**	-
Liabilities			
Derivative financial instruments	899	-	-
Due to banks	1,962	-	-
Due to customers	-	117	-
Debt securities in issue and other borrowed funds	10,004	-	-
Other Liabilities	-	16	-
Total liabilities	**12,865**	**133**	**-**
Income			
Interest on loans and advances	6,014	-	-
Services provided	-	173	-
Total income	**6,014**	**173**	**-**
Expenses			
Interest expense on due to banks	7,891	-	-
Interest expense on debt securities in issue and other borrowed funds	724	-	-
Employee benefits	-	-	4,196
Employee pension contributions	-	-	206
Information systems costs	-	16	-
Total expenses	**8,615**	**16**	**4,402**
Loan facility commitment	**40,000**		

All related party transactions were made on an arm's length basis. All outstanding assets and liabilities are unsecured and will be settled in cash.

The Bank also records related party transactions to entities controlled by key management and associated companies, but there were no such transactions during 2024.

The other liabilities consist of an accrual for the IT expenses incurred from a group Bank. The income for services provided is safe custody fees from a group Bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023	Parent £000's	Fellow subsidiaries/ affiliates £000's	Key management personnel £000's
Assets			
Derivative financial instruments	345	-	-
Due from banks	1,238	454	-
Other	-	3	-
Total assets	**1,583**	**457**	-
Liabilities			
Derivative financial instruments	1,724	-	-
Due to banks	201	-	-
Due to customers	-	122	-
Debt securities in issue and other borrowed funds	10,006	-	-
Other Liabilities	-	3	-
Total liabilities	**11,931**	**125**	**-**
Income			
Interest on loans and advances	5,631	-	-
Services provided	-	83	-
Total income	**5,631**	**83**	**-**
Expenses			
Interest expense on due to banks	7,605	-	-
Interest expense on debt securities in issue and other borrowed funds	672	-	-
Employee benefits	-	-	3,499
Employee pension contributions	-	-	173
Information systems costs	-	16	-
Total expenses	**8,277**	**16**	**3,672**
Loan facility commitment	**150,000**	**-**	**-**

All related party transactions were made on an arm's length basis. All outstanding assets and liabilities are unsecured and will be settled in cash.

The Bank also records related party transactions to entities controlled by key management and associated companies, but there were no such transactions during 2023.

The other liabilities consist of an accrual for the IT expenses incurred from a group Bank. The income for services provided is safe custody fees from a group Bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and liabilities. The following sets out the Bank's basis for establishing fair values for each category of financial instrument:

- Due from banks; the fair value of floating rate placements and overnight deposits is their carrying value.
- Loans and advances to customers; the majority of the loans and advances as at 31 December 2024 are at variable rates and re-price in response to changes in market rates. Credit spreads are not deemed to have changed materially during the year. In addition, the loan portfolio is fully collateralised. Therefore, the fair value of this book has been estimated to be approximately equal to the carrying value. The fair value of impaired assets is measured as the present value of estimated future cash flows (including any collateral held and the costs of realising the collateral) discounted at the asset's original effective interest rate.
- Deposits from banks and customers; the fair value of deposits with a residual maturity of less than one year has been generally estimated to be approximately equal to the carrying value.
- Investment securities: the fair value is their carrying value as all investment securities are listed and the fair value is based upon quoted market prices.
- Derivatives: the fair value is their mark to market value.
- There were no transfers between levels 1, 2 and 3 during the year (2023: none).

Set out below is a comparison by category of book values and fair values of the Bank's financial assets and liabilities as at 31 December, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	£000's	£000's	£000's	£000's	£000's
Financial assets					
Derivative financial assets	2,868	2,868	-	2,868	-
Due from credit institutions	36,967	36,967	36,967	-	-
Investment securities	42,230	42,230	42,230	-	-
Loans and advances to customers	397,459	397,674	-	-	397,674
Total financial assets	**479,524**	**479,739**	**79,197**	**2,868**	**397,674**
Financial liabilities					
Derivative financial liabilities	899	899	-	899	-
Due to banks	1,962	1,962	1,962	-	-
Due to customers	397,172	397,172	-	-	397,172
Other borrowed funds	10,004	10,004	10,004	-	-
Total financial liabilities	**410,037**	**410,037**	**11,966**	**899**	**397,172**

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023	Carrying value £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
Financial assets					
Cash	-	-	-	-	-
Derivative financial assets	345	345	-	345	-
Due from credit institutions	40,658	40,658	40,658	-	-
Investment securities	78,097	78,097	78,097	-	-
Loans and advances to customers	330,090	330,090	-	-	330,090
Total financial assets	**449,190**	**449,190**	**118,755**	**345**	**330,090**
Financial liabilities					
Derivative financial liabilities	1,724	1,724	-	1,724	-
Due to banks	201	201	201	-	-
Due to customers	370,324	370,324	-	-	370,324
Other borrowed funds	10,006	10,006	10,006	-	-
Total financial liabilities	**382,255**	**382,255**	**10,207**	**1,724**	**370,324**

Level 3 Financial Instruments

Financial instruments categorised in Level 3 are recognised at their carrying value as noted above, this includes any allowance for impairment losses.

37. ULTIMATE PARENT BANK

The ultimate parent Bank is Alpha Services and Holdings S.A., a Bank incorporated in Greece. Alpha Services and Holdings S.A. is the 100% owner of Alpha Bank S.A. Alpha Bank S.A. is the parent Bank of the Bank. The principal place of business for both the parent and the ultimate parent companies is 40 Stadiou Street, 102 52 Athens, Greece.

The consolidated financial statements of the Alpha Services and Holdings S.A. are available to the public and may be obtained from the above address, or from their internet website (https://www.alphaholdings.gr/en/investor-relations/group-results-and-reporting/financial-statements-bank-and-group).

38. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period which would require disclosure or adjustment to the 31 December 2024 Financial Statements.

39. OBTAINING FINANCIAL STATEMENTS

The Bank's Financial Statements can be located on the Alpha Services and Holdings S.A website (https://www.alphaholdings.gr/el/enimerosi-ependuton/oikonomika-stoixeia-omilou/oikonomikes-katastaseis-thigatrikon-alpha-services-and-holdings?listfilter=C8B2FEC7E58944619BDD360219104002).