the alternative bank

2024 ANNUAL REPORT AND FINANCIAL STATEMENTS

NIFI
NON-INTEREST FINANCIAL INSTITUTION

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DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

i.	**Muhtar Bakare**	Chairman
ii.	**Umma Dutse**	Independent Non-Executive Director
iii.	**Emmanuel Onasanya**	Non-Executive Director
iv.	**Morenikeji Folawiyo**	Non-Executive Director
v.	**Yemi Odubiyi**	Non-Executive Director
vi.	**Temitayo Adegoke**	Non-Executive Director
vii.	**Abdulmumin Ali**	Independent Non-Executive Director
viii.	**Hassan Yusuf**	Managing Director/CEO
ix.	**Garba Mohammed**	Executive Director
x.	**Korede Demola-Adeniyi**	Executive Director

REGISTERED OFFICE:
22 Marina, Lagos

REGISTRATION NUMBER:
1909410

AUDITORS:
Deloitte & Touche, Nigeria
Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos

CONSULTANTS:
Ernst and Young
UBA House, 10th Floor,
57, Marina, Lagos

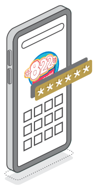
Performance Highlights

Total Assets	Financing Assets	Investment in Sukuk	Total Equity
N307.5bn	N41.3bn	N65.7bn	N23.9bn
68%	25%	68%	65%

Gross Earnings	Net Income from financing & Investing activities	Pre-tax Profit	Post-tax Profit
N35.76bn	N23.1bn	N10.4bn	N10.1bn
75%	97.4%	96.7%	111%

Channels | Alternative Bank Limited

3000
POS Terminals



1.2m
USSD Users

20
Branches

622
Professional Staff

650k
Customers

65
Wakeel Locations

Ratings | Alternative Bank Limited

GCR RATINGS	DataPro
BB: Long-term issuer	BBB: long term issuer
B: Short-term issuer	A2: Short term issuer

NOTICE OF ANNUAL GENERAL MEETING

the alternative bank

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting of Alternative Bank Limited (the "Company") will be held virtually via **altbank.ng/agm** on Tuesday, 13th May 2025 at 10:00 am to transact the following businesses.

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2024, the reports of the Directors, Auditors, and the Audit Committee thereon.

2. To elect/re-elect Directors:
   a) To elect Mr. Abdulmumin Ali as an Independent Non-Executive Director
   b) To re-elect the following Directors retiring by rotation:
   - Hajiya Umma Dutse
   - Mrs. Morenikeji Folawiyo

3. To authorize the Directors to fix the remuneration of the Auditors.
4. To disclose the remuneration of Managers of the Company under Sections 238 and 257 of the Companies and Allied Matters Act 2020.

SPECIAL BUSINESS

5. To consider and if thought fit, pass the following resolution as an ordinary resolution:

That the Directors' Fees for the year ending 31st December 2025 be fixed at N135,930,000.00 (One Hundred and Thirty-Five Million, Nine Hundred and Thirty Thousand Naira) for Non-Executive Directors until reviewed by the Company at an Annual General Meeting.

6. To consider and if thought fit, pass the following resolutions as special resolutions:

a) To amend the Memorandum and Articles of Association of Alternative Bank Limited:

i) By the deletion of clause 2 in the Article on Quorum for Directors' meeting in the Memorandum and Articles of Association and replacement as follows:

(2) "The quorum necessary for the transaction of the business of the Directors shall be two-thirds of the Directors present in person or by using any technology at the meeting, provided that the majority of the Directors present shall be Non-Executive Directors. The quorum must be present at all times during the meeting."

ii) By adding the following new clauses to the Article on Casting Vote as follows:

(1) "In the event a decision needs to be made on any matter discussed during a meeting, the Chairman/person may call for a vote.
(2) Votes will be cast on a simple majority basis.
(3) If the numbers of votes for and against a proposal are equal, the Chairman or other director chairing the meeting has a casting vote."

NOTES

1. **PROXY**
   A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in their stead. A proxy need not be a member of the Company. To be valid, a completed proxy form must be deposited at the Registered Office, 22 Marina Road, Lagos Island, Lagos not less than 48 hours before the time of the meeting. A blank proxy form is attached to this Notice.

2. **RE-ELECTION OF DIRECTORS**
   In accordance with the provisions of the Company's Articles of Association, the Directors to retire by rotation at the 2nd Annual General Meeting are Hajiya Umma Dutse and Mrs. Morenikeji Folawiyo. The retiring Directors, being eligible, offer themselves for re-election. The profiles of the Directors are available in the Annual Report and on the company's website at www.altbank.ng

Dated this 30th Day of April 2025
BY ORDER OF THE BOARD

DAMILOLA LONGE
Company Secretariat
22 Marina, Lagos

OUR STRATEGY

For over a decade, Alternative Bank Limited has been pioneering a transformative approach to banking in Nigeria, grounded in ethics, sustainability, and financial inclusion. From operating as a non-interest window to becoming a fully-fledged non-interest bank in 2023, our journey has been defined by bold innovation, customer-centricity, and a commitment to wealth creation that benefits all. Today, we stand as a leader in ethical banking, uniquely positioned to shape the finances of our customers.

OUR BUSINESS MODEL

Frontier markets are typically characterised by the challenges of growing pains, and Nigeria is not left out. This was the position pre-covid and remains true post-covid. If history has taught us nothing, it reminded us that we cannot expect others to come to our aid. We can only depend on ourselves now. Local capital is what will solve our local problems, and as a society, we must rise to that occasion. Today, financial institutions are one of the largest employers of growth and drivers of innovation in the country; all these are a testament to the efforts and investments in the industry. We have done the best we can in the environment available to us and will continue to be successful at doing business in this environment. Despite the major successes recorded by the industry, it has not been devoid of the challenges associated with market conditions. The model, while great, has not been able to solve the four dilemmas of the global market;

- The Capital Dilemma: In terms of wealth, our economy has never been more prosperous than it is today. Global economy is over $ 100 trillion, and our countries are richer than ever. However, that wealth is vastly controlled by a very small population and has been restricted by form(debt/equity/mixed) and geographical location. While our current system has improved, it hasn't taken us closer to achieving our goal of equitable distribution of resources. With an unequal distribution of resources and consistent global economic crashes, today's strategy is not sustainable if our goal is efficient and equitable management and distribution of resources and impact.

- The Access Dilemma: Financial inclusion efforts have yielded some positives. We have reached several people, areas, and businesses previously unreached through dedicated effort and technological advances. However, our efforts have failed to address the capital needs and bridge the gap between finance and consumer. The barrier to entry/access has continued to remain steep and has affected our ability to do more with the capital we have access to.

- The Cost-to-Serve Dilemma: Another challenge has been determining the best and most efficient way to deliver financial services. Today, we serve our customers in two ways: the digital and traditional approaches. This dilemma has been more pronounced with an ever increasingly diverse customer base, high operational costs, and a steeper competitive landscape. The bigger battle is a battle of differentiation, offering something distinct in a homogenous business environment.

- The Organisational Dilemma: Today, organisations face a dilemma in efficiently managing business demands while matching them with the preparedness to explore new opportunities. The model we have developed caters to today's business demand but fails to address our approach to innovation and our future. As our business climate changes, so do the ever-changing demands of our customers, and therefore, there is a need to find more efficient ways of delivering value.

In answering the question of what is missing, it has driven us to explore solutions beyond the current climate. Nigeria lives in an exciting financial era where innovation meets opportunity, and growth here will call for more specialised and complex financial services, which will lead to an increase in other financial services outside of commercial banking. More so, the development of emerging market economies will enable financial service providers (especially banks) within those environments to gain strength and provide the impetus for expansion beyond their borders. Our approach is to offer an alternative solution;

The Problem	Our Solution
• The Capital Dilemma	We will find ways of bridging the gap between the need for capital and the global capital offering. Additionally, traditional banking is structured to offer only debt as a financing model, but sometimes, the market requires equity to kickstart.
• The Access Dilemma	We will continue to find better alternatives to creating access and instruments that support businesses' long-term growth needs. We would also reduce the rural/urban divide and facilitate the growth of the rural economy in a way that improves the larger economy.
• Cost-to-serve Dilemma	We will leverage technology to extend access to underserved markets that also need the service.
• Organisational Dilemma	We will create new markets and new lines of business.

OUR PURPOSE

"Our purpose as an organization is creating wealth."

For us, wealth is not just in the traditional sense of monetary gain; we define wealth as a comprehensive term that encompasses the empowerment of individuals, the growth of businesses, and the prosperity of our communities. We would achieve this by innovating to challenge boundaries. By constantly seeking new ways to serve, rethinking our models, and leveraging technology, we will stay committed to this purpose as an organisation.

We remain firmly committed to our values:

1. **Empathy:** We place a high value on empathy, fostering a culture of understanding and compassion. For our customers, this means we actively listen to their needs, concerns, and feedback, ensuring we deliver personalized and meaningful solutions. Internally, we support one another, recognizing and respecting each team member's perspectives and experiences.

2. **Execution:** We prioritise action and efficiency, understanding that speed is crucial in business. We make swift, informed decisions and embrace calculated risks, recognising that many choices can be adjusted as needed. This proactive approach ensures that we remain agile, responsive, and ahead of the competition, enabling success for both our external stakeholders and internal teams. It allows us to embrace opportunities and mitigate challenges with agility.

3. **Excellence:** Excellence is not just a value but a standard we hold ourselves to in every endeavour. We believe true success comes from constantly challenging the status quo, pushing beyond traditional boundaries, and striving for the best in all aspects of our work. This pursuit of excellence drives superior performance across the board, from the quality of our services to the innovation we bring to the market. It is the cornerstone of our commitment to continuous improvement, ensuring that we remain leaders in our industry and consistently deliver exceptional outcomes for our clients and stakeholders.

OPERATING MODEL

Our operating model is digital first. Our digital strategy remains anchored around three strategic pillars: **'Improve', 'Reform' and 'Disrupt'**. We will continually improve customer service delivery by reforming core markets and transforming existing traditional processes. Our strength and focus on innovation remain one of our key points. We will continue to partner with our customers as they expand and capitalise on opportunities arising from the disruptions in our ecosystem.

Our ambition is to maintain a strong, resilient system that can support our digital ambition and help us attain our target as an organisation. We would focus on building future-ready business models by investing in market-defining ideas, especially those that would help revolutionise payment and financial services embedded into trade, e-commerce and marketplace experiences. Our strategy will see us continue to concentrate our efforts and increase our investment in futureproofing, especially in areas like fraud detection, predictive analysis, and transaction monitoring.

We will continue to make significant strides in areas like developer augmentation, creative content generation and knowledge management, and have identified hundreds more potential opportunities. We will continue to execute our plans to drive efficiency across the business through digitisation and partnerships to connect people and businesses to our ecosystem. We will continue to;

- Improve service delivery to customers.
- Digitize core markets
- Transform existing traditional processes.

OUR ROAD MAP

Alternative Bank Limited is building an economy where everyone is financially independent. As a result, the institution has implemented a unique roadmap that caters for the financial needs of individuals and businesses without any strain. Specifically, the roadmap includes the following:

1. Strengthening Digital and Ethical Banking Foundations

a. By building a future-proof financial platform, AltBank is focused on creating a secure, interest-free, and inclusive financial ecosystem that will revolutionise digital banking. By investing in cutting-edge financial technology, we aim to provide seamless, smart, and intuitive banking services that cater to Nigeria's tech-savvy, youthful, underbanked, and unbanked population.

b. We will continue expanding our interest-free lending and profit-sharing investment models, ensuring businesses and individuals access to sustainable financial growth. Our strategy prioritises transparency, financial inclusion, and customer empowerment. By developing a resilient business model to remain competitive, we will strengthen capital reserves, risk management frameworks and internal governance, ensuring AltBank is positioned as a financially stable, ethical, and innovative digital Bank.

2. Community Engagement and Financial Inclusion

a. By empowering society through finance at AltBank, we believe that social impact and financial success go hand in hand. AltBank is committed to empowering underserved communities by providing tools and resources that promote entrepreneurship, financial literacy, and economic development. Through education and financial literacy, we implement nationwide financial literacy programs to educate individuals on savings, investments, and ethical finance principles. By partnering with educational institutions and small and medium-scale enterprises (SMEs) to offer tailored financial solutions that help businesses scale sustainably, we empower those who need financial breakthroughs to scale their businesses and journey on without financial roadblocks.

b. Through green and sustainable banking initiatives, we are developing eco- conscious banking products, such as green financing for sustainable businesses and ethical investment opportunities. We are reducing our carbon footprint through a holistic integration of environmentally friendly banking operations. Environmental sustainability is at our core, and we are fulfilling the promise.

Strategic goals

- Drive a digital strategy.
- Build a trusted financial Institution.
- Pursue an efficient financial institution.

Short – Mid Term

- 20% market share measured by deposits

- Diverse retail funding base
- ROAE above the peer group average
- Diversified income streams with top-quartile positions in all our operating areas
- Double-digit revenue growth YOY

Long Term

- A digital-first Bank with solutions for every customer
- Globally competitive financial services franchise by financial and non-financial measures
- Fully sustainable business model with institutionalised processes beyond the stewardship of current owners and managers
- Leading consumer banking franchise (financial institution of choice for customers in our target markets)
- A trusted operator materially impacting all our segments of business participation

Real Sectors

The creation of wealth is a complex process. To achieve our goal of providing every individual with access to the different markets they need, development in certain sectors must progress rapidly. Critical sectors such as Agriculture, Health, Commerce, Renewable Energy, and Transportation directly contribute to the creation and distribution of wealth in any economy.

We recognise that the significant capital deficit in these sectors has hindered progress, resulting in stagnated economic growth. As a result, we have prioritised these areas to provide the population with better and easier access to healthcare, mobility, transportation, and other necessities of daily life. Through our ethical financing approach, we partner directly with individuals, businesses, and government to improve the lives of our people, making real and lasting change.

Our contributions in these Sectors include:

Agriculture: Nigeria's potential in agriculture is ever increasing and the sector continues to remain attractive. The country has over 40% of its land as arable, but only about 60% of this land is cultivated. Furthermore, Nigeria experiences about 40-60% post-harvest losses due to poor storage and logistics systems, among other factors. Through our partnerships and financing, we are driving growth in this sector by creating innovative financial solutions and products. We continuously leverage our state-of-the-art technology to implement and track changes.

Commerce: Since the dawn of time, the volume of trade and commerce has been an indicator of the prosperity of an economy. With digital commerce (e-commerce) on the rise, increasing trade within the country assures us that wealth will be created and distributed. We have positioned ourselves at the forefront of this cause and established an e-commerce platform, Altmall, to assist the Bank and the nation in achieving our goals. Altmall has recorded robust numbers since its inception and recorded a 12% increase in sales value during the previous year. Its continuous success will simultaneously create jobs, enrich the nation, and consequently contribute to its prosperity.

Renewable Energy: We are committed to this vision as the world moves toward a sustainable future—embracing green policies and clean energy solutions. Our product, AltPower, provides Nigerian businesses and households with affordable, clean energy and flexible financing options. Altpower's renewable energy products saw an audacious 132% increase in sales value during the previous year. This illustrates our steadfast dedication towards the development of this sector in Nigeria.

Investment: We prioritise community growth by investing with an impact-driven mindset, supporting businesses and projects that create lasting, meaningful change. Our investments include but are not limited to gold, real estate (development and financing), ethical bonds (SUKUK bonds), infrastructure (supporting asset-based businesses across sectors like health, agriculture, and transportation), manufacturing, power, and energy.

OUR PEOPLE JOURNEY

PEOPLE REACH: A People-First Blueprint for Success

***Can a Bank put people before profit and still succeed?* At Alternative Bank Limited, we are proving it beautifully and boldly.**

In July 2023, we stepped into Nigeria's financial landscape as a fully licensed Non-Interest Bank. But this wasn't just a new beginning, it was a bold evolution. After nearly a decade of operating under Sterling Alternative Finance (SAF) pioneering a modern, ethical approach to banking our transition into a standalone institution was not just a change of name or structure, it was a powerful moment of rebirth. Alternative Bank Limited emerged with one mission: to redefine banking by putting people first. We didn't just build a Bank. We sparked a movement, one rooted in purpose, shaped by culture, and led by people because when people thrive, business follows.

A New Identity, Rooted in Culture

From inception, we knew that building a brand meant more than marketing, it meant shaping a living, breathing culture. That is why we were intentional about crafting our own identity, separate from Sterling's, and aligning our employees, our beloved AltNatives, with a bold mission: to innovate to challenge boundaries and a purpose to create wealth.

From recalibrating our operations to redefining the customer experience, we built every process around long-term success. At the centre of it all was our Human Capital Management team championing a people strategy that empowers AltNatives not just to live their best life but to do their best work.

Here's how we made it happen in 2024:

Bringing Our Culture to Life

More than words, it's who we are. Every great organization is powered by a strong culture, and for us, building ours with intention was the spark that ignited our transformation. That's why we launched a full-scale Culture Transformation Project, a deliberate and strategic move to shape not just what we do, but who we are. It was through this journey that our core values: **Execution, Excellence and Empathy** were born. These values weren't chosen lightly; they emerged from deep reflection on what it truly means to be an Alt Native. They have since become the compass guiding our behaviours, decisions, and ways of working.

At the heart of this project was our Culture Playbook, a living, breathing document that captured our mission, purpose, and values in action. But it didn't stop at paper we brought our culture to life through immersive experiences: hands-on workshops, leadership roadshows, town hall moments, and team engagements (Alt Fest) that fostered real-time alignment and ownership. Our one-year anniversary wasn't just a celebration, it was a culture milestone, a proud reminder of how far we have come and a powerful call to who we are becoming. With this strong foundation, we are not just performing, we are thriving, together.

Real Progress from a People-First Approach

In one year, we have seen proof that this strategy works. Growth for us wasn't just a buzzword. It's in our DNA. It was lived, seen, and celebrated. Several leaders rose through the ranks, new board appointments were made. Each of these moments was a powerful reminder of our unwavering commitment to nurturing talent from within.

By intentionally placing our people at the heart of opportunity, we not only recognized their contributions but created pathways for them to thrive. From vertical career advancements to transitions into more strategic leadership roles, our internal talent strategy proved that when we invest in our own, the results are transformational. This culture of growth was fueled by key initiatives such as our **internal mobility program** and **talent programs** that empowered employees to take on impactful, purpose-driven work, and structured recognition platforms including **monthly and quarterly rewards.** Each one served as a springboard, reinforcing our belief that the people who build the foundation of our success deserve every opportunity to rise with it. History was also written with the appointment of our very **first female Executive Director; Korede Demola-Adeniyi.**

Wellness: The Power Behind Our Performance

Supporting our people's well-being isn't a policy. It's a promise and one we keep every single day. We kicked off the year by focusing on what matters most: health.

From mental health campaigns to on-site vaccination drives, annual checkups, and a fully operational in-house clinic, we placed care at the core of our workplace and then we took it even further.

One of our most powerful moments came with the launch of **Alt Health Walk,** our inaugural health walk. But this wasn't just about movement, it was about meaning. As our people walked together, they walked with purpose: raising critical funds for hunger prevention and education while also prioritizing their own physical and emotional well-being. It was a reminder that wellness isn't a perk, it's a catalyst for connection, joy, and impact.

We also supported expectant parents through our Maternity Hub and extended Paternity Leave to 10 days to reflect the shared nature of parenting. We sustained our Employee Assistance Program, supported mental health, and provided access to safe, inclusive healthcare. We also knew that wellness wasn't just physical, it's emotional, social, and economic.

When inflation spiked and the economy tightened, we listened with empathy, we responded with action because care is more than intention, it's intervention. Our introduction of a **Cost-of Living Allowance (COLA)** was a bold and compassionate response to economic hardship. More than a financial intervention, it was a heartfelt commitment: we will stand with our people, even and especially in tough times.

Every decision told a story of care. Every initiative reminded our people: YOU matter.

Diversity, Equity & Inclusion: Excellence in Every Voice

Inclusion isn't an initiative, it's an identity.

At Alternative Bank Limited, we believe our differences make us stronger. That's why we continue to embed Diversity, Equity, and Inclusion into everything we do. In collaboration with our sister entity and parent company, we welcomed mothers returning from career breaks through the momship program. We also celebrated milestones for our ERGs, The Anchor, a new men's inclusion ERG and The Bloom Network for women. These efforts are creating a more dynamic, connected, and future-ready workforce. Every initiative carried the same heartbeat: Every voice matters. Every person counts.

Future-Ready, People-Focused Through Talent Development

The future is not something we wait for. It's something we prepare for. We equipped our people with the tools to lead, adapt, and grow. From gamified learning to strategic training partnerships, and emotional intelligence workshops to the New Managers' Starter Pack, we built leaders who could navigate change with empathy and confidence.

We also subsidized tuition through partnerships with Nexford University and MIVA Open University, covered professional certifications, and invested in membership fees for top industry bodies because when our people grow, our organization thrives.

What the Future Holds

As we look toward 2025, we are not slowing down, we are gearing up.

With a clear focus on **embedding culture**, **enabling performance**, and **attracting and developing talent for sustainable growth**, we are ready to deepen our impact. Not just within the walls of our Bank but across communities. We are not just building a Bank, we are creating a legacy where people feel seen, supported, and set up to thrive. And when our people thrive, our business and the communities we serve will flourish.

SUSTAINABILITY REPORT

Introduction

In a world yearning for integrity and inclusivity, Alternative Bank Limited (AltBank)—a subsidiary of Sterling Financial Holding Company—emerges as a beacon of principled finance, harmonizing the ethical foundations of Islamic banking with the universal imperatives of sustainability. This, our inaugural 2024 Sustainability Report, is not merely a reflection of our progress but a testament to our conviction that finance, when rooted in justice, equity, and compassion, can transcend transactional boundaries to become a transformative force for all humanity.

As one of Nigeria's pioneering *Islamic Bank*, Alternative Bank Limited operates at the nexus of faith and innovation, redefining banking through a Sharia-compliant framework that inherently aligns with global sustainability goals. Our model rejects exploitative practices, prioritizing risk-sharing, asset-backed transactions, and the prohibition of *riba* (interest), ensuring that every financial product fosters equitable wealth distribution, social welfare, and environmental stewardship. This ethos of ethical exclusion—avoiding investments in harmful industries such as alcohol or gambling—is not just a religious mandate but a strategic commitment to building a cleaner, fairer economy. Inclusivity is the cornerstone of our identity. While grounded in Islamic principles, our services transcend religious and cultural divides, welcoming individuals and businesses of all faiths who seek alignment with values of transparency, fairness, and shared prosperity. From interest-free microfinance empowering women entrepreneurs in rural communities to green funding for renewable energy projects, we prove that faith-driven finance can catalyze universal progress.

This report captures how our faith-informed approach amplifies our sustainability ambitions. Guided by the Quranic imperative to act as *khalifah* (stewards) of the Earth, we have embedded climate action into our core operations. Our Sharia-compliant ESG framework integrates climate risk assessments, carbon footprint reduction, and investments in renewable energy that align with both Islamic ethics and global net-zero targets. Simultaneously, our commitment to *zakat* (obligatory almsgiving) and *qard al-hasan* (benevolent loans) channels resources into education, healthcare, and poverty alleviation, bridging gaps in underserved communities while advancing the UN Sustainable Development Goals (SDGs).

Collaboration is embedded in our DNA. We work hand-in-hand with Islamic scholars, sustainability experts, regulators, and interfaith coalitions to ensure our practices meet the highest standards of Sharia compliance and global accountability. By adhering to frameworks such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), and the Task Force on Climate-related Financial Disclosures (TCFD), we uphold a dual commitment: honoring our religious principles while pioneering industry-wide benchmarks for ethical finance.

This report also illuminates the human stories behind our numbers—a smallholder farmer accessing fair financing to adopt climate-smart agriculture, a young tech innovator securing seed capital for a halal green startup, a non-Muslim entrepreneur thriving through our inclusive financial tools. These narratives embody our belief that faith and modernity, profit and purpose, and tradition and innovation are not contradictions but complementary forces.

As we look ahead, Alternative Bank Limited remains steadfast in its mission to prove that Alternative finance is not a niche but a necessity—a scalable, inclusive, and morally grounded solution to the world's most pressing challenges. We invite you to explore this report not as a static record but as a living covenant: a promise to our stakeholders, our planet, and our principles that we will continue to lead with conscience, courage, and an unshakable belief in finance as a tool for divine and earthly balance.

Our Sustainability Journey and Key Achievements

2024 Impact Highlight

- Obtained Environmental Audit Report and Environmental Management Plan certifications for all Bank locations in line with the National Environmental Standards and Regulations Enforcement Agency (NESREA) mandate.
- Introduced 120 locally assembled battery electric tricycles and installed 5 swap cabinets with payment solutions.
- Orders placed for 31 Electric Vehicles EVs (delivery by 2025) to transform Nigeria's transport sector.
- Attained a 35.4% growth in the deployment of solar-powered ATMs at various locations nationwide.
- Recycled plastics and recyclables via 18 accessible branches, reducing landfill waste and fostering a recycling culture.
- Assessed 87 transactions (₦18.63 billion) for environmental and social risks, aligning with IFC, NSBP, and TCFD standards.
- Allocated ₦8.9 billion to Health, Education, Agriculture, Renewable Energy, and Transportation, with Agriculture leading at 15% of the loan book.
- 25% increase in the number of female employees in senior management roles since inception; 28% increase in female employee recruitment and 41% of all promotions in 2024 went to female employees.
- Financial literacy, business management, and digital skills training for 2,000 women across 10 communities in Katsina State.
- Launched the *Waste for Social Impact* initiative to tackle plastic pollution, incentivizing recycling in communities.
- Provided flood relief to **400,000 displaced individuals** in Maiduguri through cash transfers and essential supplies.
- Co-hosted the first edition of National Sustainability Week (NSW) 2024 with Sterling Bank and Sterling One Foundation, engaging over 1,500 participants in discussions on sustainability, innovation, and economic growth.
- NSW 2024 made a nationwide impact with 800+ GIC applications, ₦4 million in grants, 816 applicants engaged, and 1 million+ social media reach. It trained 189 entrepreneurs, supported 125 social enterprises, educated 1,150 students on climate action with ₦350,000 in prizes and collected 2,600kg of waste across 18 states, and hosted 356 participants in the National Sustainability Lecture
- Collaboration and partnerships on the execution of Corporate Social Responsibility projects and events, such as hosting the African Social Impact Summit (ASIS) summit, Agric Summit Africa (ASA), National clean-up day, World

Environment Day commemoration and National Sustainability Week among others.

2024 Altbank Awards

- Best MSME Financial Inclusion (Non-Interest Banking) - Nairametrics MSME Finance Award 20

- Trailblazer Marketing Automation - Martech Excellence Awards, Nigeria 2024 by Netcore and Axon Analytics

- Multi-Millionaire's Club Award - Ikoyi Golf Club, The Nigeria Cup 2024

Environmental Dimension

AltBank's Commitment to Sustainability: Reducing Emissions, Energy, and Material Usage

As a forward-thinking financial institution under the Sterling Financial Holding Company which itself already has sustainability as a focus, AltBank is also committed to driving sustainability across its operations. Recognizing the urgent need to address environmental challenges, we have implemented a comprehensive strategy, alongside Sterling Bank, to reduce our carbon emissions, minimize energy consumption, and optimize the use of materials. These efforts align with global sustainability goals and demonstrate our dedication to fostering a greener future for Nigeria and beyond.

At AltBank, we have prioritized the reduction of carbon footprint through targeted initiatives and operational changes. We factor energy-efficiency in making key decisions across our branches and offices, to significantly lower greenhouse gas emissions. Additionally, we would further explore renewable energy solutions, such as solar power to decarbonize our operations.

Energy conservation is another key pillar of our sustainability strategy. We have implemented energy-saving measures, including the use of LED lighting, energy-efficient HVAC systems, and smart building technologies. Our employees are also encouraged to adopt energy-conscious behaviors, such as reducing unnecessary power usage and optimizing digital tools to minimize energy-intensive activities. These efforts not only reduce our environmental impact but also lower operational costs, creating a win-win scenario for the Bank and the environment where we operate.

AltBank is also committed to minimizing waste and promoting the responsible use of materials. Through our WasteBanc initiative, we incentivize the recycling of plastics and other recyclables, reducing the volume of waste sent to landfills. We have also largely adopted paperless banking solutions, significantly cutting down on paper usage across our operations. Furthermore, we prioritize the procurement of eco-friendly materials and work with suppliers who share our commitment to sustainability.

We perceive sustainability as a collective effort, and AltBank actively engages its employees and communities in its environmental initiatives. Through training programs and awareness campaigns, we empower our staff to adopt sustainable practices both at work and in their personal lives. We also collaborate with local communities to promote environmental stewardship, supporting projects that address waste management, reforestation, and renewable energy adoption.

AltBank remains dedicated to continuously improving its sustainability performance. We are committed to aligning our operations with global best practices and we aim to set a benchmark for sustainable banking in Nigeria. We see sustainability as a responsibility and through innovative solutions, strategic partnerships, and a commitment to continuous improvement, we are working tirelessly to reduce our emissions, conserve energy, and optimize material usage. Together, we are building a more sustainable future for generations to come.

THE WASTEBANC INITIATIVE

At Alternative Bank Limited, sustainable waste management is a key part of our commitment to operational sustainability and environmental stewardship. Recognizing the critical role of waste reduction in achieving long-term ecological balance, we have implemented a comprehensive strategy focused on reducing, reusing, and recycling waste. Our initiatives not only aim to minimize our environmental footprint but also encourage actual sustainable practices among employees, customers, partners and all stakeholders.

Launched in 2023, the WasteBanc initiative is a flagship program that underscores our dedication to sustainable waste management. This innovative program serves as a key vehicle for achieving our waste management objectives by firstly incentivizing an environmentally conscious behavior. Through WasteBanc, individuals are encouraged to exchange used plastics and other recyclables for monetary rewards, creating a tangible incentive for participation in sustainable practices.

To ensure the success of the WasteBanc initiative, we have strategically placed designated waste disposal bins across all locations. These bins facilitate the easy collection of recyclable materials, which are then collected by the WasteBanc team and processed in collaboration with accredited recycling partners. This structured approach ensures that recyclables are efficiently managed and repurposed, reducing the volume of waste sent to landfills. This has been instrumental in amplifying recycling efforts and fostering a culture of environmental responsibility within the organization. Through this collaboration, we have not only enhanced our recycling capabilities but also raised awareness about the importance of sustainable waste management. Educational campaigns and internal communications have further reinforced the significance of eco-friendly practices, encouraging widespread participation across all levels of the organization.

The WasteBanc initiative has already demonstrated measurable success in promoting sustainability and reducing waste. By integrating monetary incentives with environmental consciousness, we have created a model that aligns economic and ecological goals. In its inaugural year, the company successfully processed 105 tons of recyclables. By the end of 2024, an additional 97 tons were processed, bringing the total to 202 tons over the first two years of operation.

Moving forward, we remain committed to expanding and refining our waste management strategies, exploring new technologies, and fostering partnerships that support our vision of a sustainable future. Alternative Bank Limited's sustainable waste management efforts, spearheaded by the WasteBanc initiative, reflect our unwavering commitment to environmental sustainability. By reducing, reusing, and recycling waste, we are not only minimizing our environmental impact but also inspiring positive change within our organization and the broader community. Together, we are building a greener, more sustainable future.

Emissions

GHG Scope	Emission Driver	2024 Position
Scope 1 Direct GHG Emissions	Diesel	245,392.52
Scope 2 - Purchased Electricity	Electricity	25,723.09
Scope 3 – All Other Indirect Emissions	Petrol	-
Total		**271,115.61**

General Energy Usage

Diesel Consumption

Year	Diesel Consumption (Litres)
2024	91,990.00

Electricity Use

Year	Electricity Use (kWh)
2024	47,407.10

General Material Usage

Paper Use

Year	Number of Reams of Paper	Total weight of Paper Reams (Kg)
2024	644	1,545.6

Water Use

Year	Number of dispensers consumed	Amount of water consumed (Litres)
2024	4,505	85,595

Economic sustainability

Driving Positive Impacts Through Islamic Banking's Ethical Finance Strategy

As a leading Islamic financial institution under Sterling Financial Holding Company, AltBank is committed to integrating sustainability and impact finance into its core business operations. Our sustainable investing strategy reflects our dedication to creating long-term value for our stakeholders while addressing pressing environmental, social, and governance (ESG) challenges. By adhering to the ethical principles of Islamic finance, we aim to drive positive impact and contribute to a more equitable and sustainable future.

AltBank's sustainable investing strategy, like that of the holding company, is built on the principles of environmental stewardship, social responsibility and sound governance, with the addition of compliance with Shariah law. We prioritize investments that deliver measurable ESG benefits while generating competitive financial returns.

Our approach involves:

- **ESG Integration:** We systematically incorporate ESG criteria into our investment decision-making processes. This ensures that environmental and social risks, as well as governance factors, are evaluated alongside financial performance, in full alignment with the ethical guidelines of Islamic finance.
- **Sector Focus:** We target sectors with high potential for sustainable impact, including, agriculture, healthcare, transportation, etc. These sectors align with the United Nations Sustainable Development Goals (SDGs) and address critical needs in Nigeria and beyond, while ensuring that investments are free from elements prohibited in Islam, such as interest (riba) and other unethical business practices under the Islamic Banking dictates.

Leaning on that, we actively invest in projects that promote financial inclusion, gender equality, and community development. We also assess our contribution to sustainability goals and continuously improve our strategy. While staying true to our commitment to responsible finance under Islamic principles, we try to ensure that our practices align with global best standards, as well as Shariah-compliant frameworks. Our dynamic and forward-looking attributes spur us to continuously explore new opportunities and frontiers to expand our impact, such as investing in sustainable agriculture. Our goal is to remain at the forefront of sustainable finance, while setting a benchmark for responsible and Shariah-compliant investing in Nigeria and beyond.

AltBank is also committed to maintaining transparency in our sustainable investing activities. By regularly disclosing our performance and progress through detailed reports and communications according to Shariah auditing standards, we demonstrate our accountability to stakeholders and the broader community, and our commitment to responsible finance under Islamic principles.

In conclusion, at AltBank, we believe just as we do at the holding company, that sustainable investing is not just a strategy - it is a responsibility. By aligning our financial expertise with our commitment to sustainability and the ethical principles of Islamic finance, we are driving positive change and creating a legacy of impact. Together, we are building a future where finance serves as a force for good, empowering communities and protecting the planet for generations to come.

E&S Risk Management at Alternative Bank Limited

In 2024, 87 transactions valued at N18,630,263,004.48 were within the coverage scope for environmental, social, and climate-related risks assessment, in accordance with our Environmental and Social (E&S) guidelines and industry best practices. These transactions spanned key sectors covered under the Bank's E&S risk framework, including Agriculture, Education, Health, Renewable Energy, Transportation & Logistics, Manufacturing, Power, Oil & Gas, Real Estate, Mining, and Construction.

The organization remains steadfast in its commitment to enhancing our Environmental and Social Management System (ESMS). This effort aligns with Environmental, Social, and Governance (ESG) standards, national frameworks, and global best practices, such as the International Finance Corporation Performance Standards (IFC PS) and the Nigerian Sustainable Banking Principles (NSBPs). These initiatives are designed to promote economically viable, socially inclusive, and environmentally sustainable practices across the industry.

Alternative Bank Limited is dedicated to ensuring that our lending practices and investments support the long-term sustainability of the environment and society. Through commitment to ethical investing through Islamic Banking, commitment to transparency, and alignment with national and global best practices, we will continue to lead the way in responsible finance. This ongoing focus on managing environmental and social risks will not only safeguard our business but will also contribute meaningfully to the sustainable development of the communities we serve.

Social Dimension

At Alternative Bank Limited, we believe that true sustainability is rooted in fostering inclusive growth, empowering communities, and promoting social equity. From the moment we began, we knew we were destined to create something special – a dynamic Bank that speaks your language, respects your individuality, and champions your aspirations.

Guided by our Corporate Philosophy, we are committed to Creating Wealth – not just in financial terms, but also in social and human capital. Our Purpose drives us to innovate and challenge boundaries, ensuring that our solutions are inclusive, accessible, and transformative for all.

Our Core Values of Empathy, Execution, and Excellence are at the heart of everything we do. We prioritize financial inclusion by providing innovative banking solutions that empower underserved communities, enabling them to thrive and contribute to sustainable development. Through strategic partnerships and community initiatives, we support education, healthcare, and social programs that uplift lives and foster resilience.

Within our organization, we cultivate a diverse, equitable, and inclusive workplace where every individual is valued and empowered to excel. By investing in our employees' growth and well-being, we build a culture of collaboration, respect, and shared purpose.

At Alternative Bank Limited, we are dedicated to being a force for good, leveraging our resources and expertise to create a more just, equitable, and sustainable future for all.

DIVERSITY, EQUITY, AND INCLUSION

At Alternative Bank Limited, we are committed to fostering a diverse and inclusive workplace where every individual is valued, respected, and empowered to thrive. Our approach to diversity and inclusion goes beyond compliance; it is embedded in our culture, policies, and operations.

We believe that a diverse workforce enhances innovation, improves decision-making, and strengthens our ability to serve a broad customer base. As a Shariah-compliant institution, we are dedicated to creating an environment that welcomes individuals from different backgrounds, ethnicities, genders, and abilities while upholding our core ethical values.

To drive meaningful impact, we have implemented inclusive recruitment practices, equitable career development opportunities, and employee engagement initiatives that promote belonging and collaboration. Additionally, we continue to champion financial inclusion by providing accessible products and services tailored to the needs of underserved communities.

The female representation of the Bank as of year-end 2024 is shown below.

I. Employee Composition

35.2% Female, 64.8% Male

ii. Management Composition

25% Female, 75% Male

iii. Board of Directors

20% Female, 80% Male

Key Diversity Highlights

- 18 branch locations are easily accessible by persons with disabilities.
- 25% increase in the number of Female Employees in Senior Management roles
- 28% increase in the number of Female Employees recruited
- 41% Female Employees promoted in 2024.

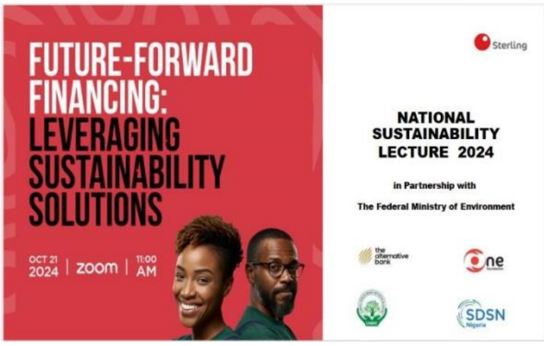
National Sustainability Week 2024

The inaugural of National Sustainability Week 2024, held from October 21 to 26, 2024, themed "Promoting Innovative and Digital Solutions for a Greener Future," centered on the theme.

The event attracted over 1,500 participants and featured a series of impactful activities aimed at advancing sustainability in Nigeria. Key highlights included a virtual lecture on sustainable financing, a Green Innovation Challenge supporting 429 entrepreneurs (with 240 women-led businesses), climate education programs for over 1,000 students, and a nationwide essay contest.

The week was concluded with a grand finale awarding grants of up to ₦1,000,000 to green projects. Additionally, a clean-up initiative across 18 states collected 2,600 kg of recyclable waste, demonstrating community-driven environmental action.

This landmark event underscored Alternative Bank Limited's commitment to driving sustainable development through innovation, education, and collaboration, setting the stage for continued efforts toward a greener future.



Students performing a drama on climate action and responsibility

1st Prizewinner of the National Secondary School Green Essay Competition, Chukwuma-Okoh Naomi, Queens College, Lagos.

2nd Prizewinner, Adeniyi-Yisa Wariz, Onigbongbo Community Junior Secondary School, Lagos

3rd Prize: Odugbesan Esther, Our Lady of Apostles Secondary School, Ijebu-Ode, Ogun

ALTERNATIVE BANK LIMITED IMPACT REPORT 2024

EXECUTIVE SUMMARY

EDUCATION IMPACT

1. **Championing Education and Culture at KABAFEST**
   As a leading non-interest Bank in Nigeria, Alternative Bank Limited believes that education is the foundation of economic empowerment and societal progress. This commitment to knowledge and learning is at the heart of our decision to support the Kaduna Books and Arts Festival (KABAFEST)—a premier literary and cultural event in Northern Nigeria.

   Since its inception in 2017, KABAFEST has evolved into a powerful platform for literature, art, and culture, bringing together writers, artists, and enthusiasts from across Nigeria and beyond. More than just a festival, it serves as a catalyst for intellectual exchange, creative expression, and community development.

   Our partnership with KABAFEST aligns with our mission to nurture education, inspire creativity, and foster inclusive growth. The festival's commitment to workshops, mentorship programs, and outreach initiatives resonates with our belief in creating opportunities where individuals—especially young and aspiring creatives—can learn, grow, and contribute meaningfully to their communities.

   By supporting KABAFEST, Alternative Bank Limited reaffirms its role as a champion of knowledge, culture, and sustainable development, ensuring that platforms like these continue to ignite minds, inspire change, and strengthen the creative and intellectual fabric of Kaduna and Northern Nigeria. Alternative Bank Limited's participation in KABAFEST underscores our belief in the power of education and the arts to transform lives and communities. By supporting this festival, we not only contribute to the cultural vibrancy of Kaduna but also reinforce our commitment to fostering innovation, creativity, and sustainable development in Nigeria. Together, we can build a future where education and creativity thrive, empowering individuals and communities to reach their full potential.

2. **Driving Innovation and Knowledge with SUSMAN FOUNDATION**
   On September 26, 2024, at the Shehu Musa Yar'Adua Centre, Alternative Bank Limited proudly supported the launch of the book **Public Policy and Agent Interests: Perspectives from the Emerging World, coauthored** by Dr. Shamsuddeen Usman. This insightful work examines the challenges posed by conflicting agent interests in policy formulation and implementation, offering solutions to enhance public trust and national development.

   Our support for this initiative aligns with our commitment to education, knowledge-sharing, and thought leadership as critical drivers of sustainable development. The event was co-hosted with the Susman Foundation, which focuses on providing educational opportunities for underprivileged students, advancing artificial intelligence and technology solutions in Nigeria, and supporting academic excellence.

Dr. Usman, a distinguished economist and policymaker—having served as Minister of Finance, Minister of National Planning, and Deputy Governor of the Central Bank of Nigeria—brings decades of expertise to the book, shedding light on governance and economic growth in the developing world.

Beyond the book launch, the event also marked the unveiling of the Shamsuddeen Usman Foundation (SUF), a philanthropic initiative established by Dr. Usman's children to support education, innovation, and economic empowerment. Proceeds from the book will fund SUF's initiatives, including the establishment of an AI and Technology Development Centre, fostering innovation and digital transformation in Nigeria.

By supporting this initiative, we reinforce our dedication to education, innovation, and thought leadership, ensuring that future generations have access to the knowledge and tools needed to drive sustainable progress.

3. Revolutionizing Language Education with Artificial Intelligence

At Alternative Bank Limited, our support for AI-driven education aligns with our broader vision to promote knowledge, digital literacy, and lifelong learning. This initiative reflects our Corporate Social Investment (CSI) strategy, ensuring that education remains accessible, inclusive, and adaptable to the evolving digital age.

We recognize the transformative power of Artificial Intelligence (AI) in education, particularly in language learning. As part of our commitment to inclusive education and digital empowerment, we supported the integration of AI-driven Arabic language learning for non-Arabic speakers, a significant milestone in educational technology in Northern Nigeria. We partnered in this to bridge language barriers, empower communities, drive digital inclusion and promote lifelong learning.

The introduction of AI-based applications such as:

- ArabicPod101 – Improves listening skills through immersive audio content.
- Lingbe – Enhances speaking abilities via real-time conversations.
- Duolingo – Strengthens reading comprehension with interactive lessons.
- Scribe – Develops writing proficiency with AI-assisted corrections.

By leveraging these innovative tools, non-Arabic speakers experience a structured, engaging, and interactive learning process, breaking traditional barriers to language acquisition.

Through this initiative, we are not just supporting language acquisition—we are empowering individuals, fostering cross-cultural understanding, and driving the future of AI-integrated learning.

4. **Immersing in Creativity and Thought Leadership: Ake Books & Arts Festival 2024.**

From November 20 – 23, 2024, we proudly celebrated culture, creativity, and connection at the Ake Books & Arts Festival, held at Bon Hotels, Ikeja, Lagos. As an institution committed to education and literacy, our participation reinforced our dedication to fostering intellectual growth, creative expression, and knowledge-sharing in Africa.

We recognize that education is a cornerstone for economic empowerment, social progress, and national development. By supporting literary and cultural initiatives like Ake Festival, we:

- Promote storytelling and literacy as powerful tools for preserving African history and identity
- Foster critical thinking and creativity, which are essential for innovation and problem-solving
- Create access to learning opportunities that empower individuals to reach their full potential

Over the three-day festival, we engaged in:

- Book readings and discussions with renowned authors
- Plays, poetry events, concerts, and performances showcasing African creativity
- Workshops and masterclasses designed to enhance skills and knowledge
- Networking with industry leaders and creatives to build partnerships for social impact

Through our support for education, literacy, and cultural innovation, we are taking concrete steps toward bridging knowledge gaps, fostering lifelong learning, and driving inclusive development. As we look ahead, we remain steadfast in our mission to support initiatives that empower minds, unlock potential, and inspire the next generation of African leaders and creatives.

5. **Enhancing Living and Learning Conditions at NYSC Camp in Sokoto**

As part of our commitment to youth development, education, and improved living conditions, Alternative Bank Limited has extended its support to the National Youth Service Corps (NYSC) Orientation Camp in Wammako Local Government Area, Sokoto State. Recognizing the challenges faced by corps members during their service year, we donated dozens of plastic chairs and tables to enhance their learning and living conditions. This initiative goes beyond providing furniture; it reflects our dedication to empowering the next generation of leaders. By addressing the inadequate seating and infrastructure at the camp, we are fostering a more conducive environment for corps members to learn, grow, and prepare for their future careers.

At Alternative Bank Limited, we believe that investing in young people is key to national development. Our commitment to education, upskilling, and financial empowerment ensures that corps members are not only supported during their service year but are also equipped with the knowledge and resources to build successful futures. Through initiatives like this, we continue to drive sustainable impact, enabling Nigerian youths to thrive both professionally and personally.

6. **Empowering Future Leaders: The Inaugural National Green Essay Competition**

As part of the Sterling Financials Holding Company National Sustainability Week activities, we partnered with Sterling Bank, Sterling One Foundation and the United Nations Sustainable Development Solutions Network (UNSDSN) for the maiden National Green Essay Competition in October 2024. The competition was aimed at engaging secondary school students across Nigeria in climate education and inspiring youth action for sustainable environmental practices.

The National Green Essay Competition was open to secondary school students from across Nigeria, including all 36 states and the Federal Capital Territory (FCT). As part of the competition, a comprehensive Climate Education Series was conducted, providing students with knowledge and resources to better understand climate change, sustainable development, and the Sustainable Development Goals (SDGs).

Impact

- A total of 2,000 students participated in the Climate Education Series, which was designed to provide them with the knowledge and tools to actively contribute to sustainability efforts.
- The Climate Education Series also reached 130 teachers, who were trained and equipped with new pedagogical methods and climate-related resources to educate and inspire their students on environmental topics.
- Secondary schools from all regions of Nigeria participated in the competition, helping to foster a nationwide conversation about climate action and sustainability.
- The initiative provided an opportunity for students from diverse backgrounds to engage in important conversations about their role in shaping a sustainable future for Nigeria and the world.
- Through the essay competition, the students were able to not only express their views but also channel their thoughts into concrete ideas that can contribute to future sustainability initiatives in their communities.

We will continue our efforts in driving climate education and empowering young Nigerians to be at the forefront of sustainability actions.

WOMEN DEVELOPMENT PROGRAMS

1. **Alternative Bank Limited and NASFAT Partnership for Women's Economic Empowerment**

In a groundbreaking initiative aimed at transforming women's economic empowerment, Alternative Bank Limited proudly partnered with NASFAT to launch a visionary financial inclusion program. This initiative was officially unveiled during NASFAT's 8th Biennial Women's Conference, which took place from July 25 to July 28, 2024, at the Cultural Centre in Abeokuta, Ogun State. With the theme "Strengthening Women Leaders through Empowerment and Islamic Values," the event was an embodiment of Alternative Bank Limited's commitment to promoting innovation, inclusion, and social change through ethical financial solutions.

The event commenced on Thursday, July 25, 2024, and culminated on Sunday, July 28, 2024, with a series of impactful activities including paper presentations, engaging panel sessions, a charity outreach to a local hospital, a visit to the traditional stool, leadership skill sessions, and a fundraising dinner. These activities provided valuable opportunities for women to learn, network, and gain leadership insights while also celebrating the power of Islamic values in guiding personal and economic empowerment.

At the heart of the conference was the unveiling of Alternative Bank Limited's N250 million financing facility, specifically designed to empower women in micro-businesses. The facility offers individual financing of up to N500,000, with minimal documentation and no collateral requirements. This strategic financial product is designed to eliminate long-standing financial barriers, enabling women entrepreneurs to thrive in their businesses with ethical and halal financial solutions that align with Islamic principles.

As the conference concluded, the energy and enthusiasm in the room was palpable. Participants left with newfound inspiration and practical tools to transform their entrepreneurial dreams into reality. This partnership exemplifies how financial institutions, like Alternative Bank Limited, can act as powerful agents of change, driving social and economic development through ethical, inclusive, and impactful banking solutions.

We are proud to have played a pivotal role in this landmark event and look forward to continuing our efforts to empower women, promote entrepreneurship, and support sustainable community development.

2. Empowering Women, Transforming Communities: The Launch of Kano State's Mata Zalla Electric Tricycle Initiative

In a landmark move aimed at transforming transportation while enhancing the security and economic empowerment of women, Kano State became the launchpad for an innovative electric tricycle program. This groundbreaking initiative, spearheaded by Alternative Bank Limited in partnership with the UK Government's Foreign, Commonwealth & Development Office (FCDO) and Qoray Mobility, is setting a new standard in both social impact and women's development. By providing women with fully electric tricycles and comprehensive training, the program is not only changing the landscape of transportation in Kano but also offering women a direct path to livelihood, empowerment, and economic independence.

The program has already made a remarkable impact, with 120 women from the Mata Zalla and Yar Baiwa cooperatives undergoing rigorous training to become proficient tricycle drivers and mechanics. These women are now equipped with the skills to operate electric tricycles, offering essential local transportation services and small-scale delivery businesses. This initiative is a significant step towards ensuring women's participation in the workforce, promoting self-reliance, and reducing the barriers they face in accessing economic opportunities.

This initiative represents a pivotal moment for women's empowerment in Kano State. By combining innovation in transportation with training, financial independence, and environmental responsibility, Alternative Bank Limited and its partners have set a new precedent for how social impact programs can support women's development and livelihood. This program is not just about providing women with tricycles; it's about equipping them with the tools, skills, and opportunities to transform their lives and contribute to their communities in meaningful ways.

As the program continues to expand, Alternative Bank Limited remains committed to driving forward this momentum, creating more opportunities for women across Nigeria. Together with its partners, the Bank is dedicated to continuing to foster sustainable growth, women's empowerment, and community development across the nation.

Impact

- **Skill Development and Training**
- **Safety and Security**
- **Economic Empowerment:** the program provides a sustainable income-generating opportunity as the women can now independently offer transportation services, catering to local passengers and delivering goods within their communities. This not only boosts their financial independence but also contributes to the local economy through job creation and services.
- **Environmental Responsibility:** In line with Alternative Bank Limited's commitment to sustainable development, the electric tricycles contribute to reducing carbon emissions and promoting environmental responsibility. This eco-friendly transportation solution aligns with global goals for a cleaner, greener future, creating a dual impact—both socially and environmentally.

3. Bridging the Healthcare Gap and Financial Inclusion for Makoko Women

Health is wealth, yet access to quality healthcare remains a challenge for many due to financial constraints and limited resources. Recognizing this gap, we partnered with Sustainable Development Goals for Her Initiative (SDGforHer) to execute a transformative health outreach in Makoko Community, Lagos State—bringing free medical services, financial literacy, and empowerment to women and youth.

On August 8, 2024, over 300 women benefited from free health screenings and medical consultations, with medical professionals conducting:

- Blood sugar and blood pressure screenings
- Weight, height, and BMI assessments
- General health checks and wellness education

Beyond healthcare, we reinforced our commitment to financial inclusion and literacy, educating women on:

- The importance of savings and financial empowerment
- Opportunities available through our non-interest banking solutions
- How financial stability improves overall well-being

This initiative was made possible through strategic partnerships with:

- Total Health Trust Ltd., a Tangerine Company, providing medical expertise
- Alternative Bank Limited's Food Bank Project, ensuring over 300 participants received nourishing meals
- 150 women's data captured for account opening, expanding access to financial services

By integrating healthcare and financial empowerment, we are breaking barriers to access, improving women's health and economic opportunities, and reaffirming our dedication to social impact and sustainable development.

This is just one of many steps we are taking to ensure that no one is left behind—because good health and financial empowerment go hand in hand.

4. The Althaven Women MSME Development and Pop-Up Event

On Sunday, July 28, 2024, Alternative Bank Limited Althaven, in partnership with The Business Hub, successfully hosted a Women's Pop-Up Event at the Althaven Space in Abuja. The event was designed to support women-led Micro, Small, and Medium Enterprises (MSMEs) by providing a platform to showcase their businesses, products, and services.

Althaven, a safe and empowering women-only space in Abuja, is dedicated to fostering creativity, collaboration, and community among women. This event marked another milestone in its mission to empower women entrepreneurs and drive economic inclusion.

Objectives of the Pop-Up Event include::

- **Business Visibility & Market Access** – Provide women entrepreneurs with a space to showcase and sell their products.
- **Networking & Collaboration** – Foster meaningful connections among women in business, encouraging partnerships and shared growth.
- **Capacity Building** – Equip participants with business development insights through interactive sessions.
- **Financial & Digital Inclusion** – Educate attendees on banking solutions, financial literacy, and leveraging digital tools for business success.
- **Celebrate Women's Creativity and Innovation** - Highlight the unique products and services created by women entrepreneurs, celebrating their contributions to the economy.
- **Promote Economic Inclusion** - Support the growth of women-led businesses by connecting them with potential customers, investors, and collaborators.

Key Benefits and Outcomes

1. Increased Visibility for Women MSMEs:

- ★ Over 50 women-led businesses showcased their products and services, reaching a diverse audience of potential customers and partners.
- ★ Participants gained exposure through event promotions, social media coverage, and networking opportunities.

2. Economic Empowerment:

- ★ Women entrepreneurs reported increased sales and new business leads generated during the event.
- ★ Access to a supportive community and resources to help scale their businesses.

3. Networking and Collaboration:

- ★ Attendees connected with like-minded entrepreneurs, industry experts, and potential investors, fostering long-term partnerships.
- ★ Collaborative opportunities were explored, enabling women to leverage collective strengths for growth.

4. Skill Development:

- ★ Interactive workshops and panel discussions provided practical insights on topics such as marketing, financial management, and digital transformation.
- ★ Participants left equipped with actionable strategies to overcome business challenges and achieve sustainable growth.

5. Community Building:

- ★ The event reinforced Althaven's role as a safe and empowering space for women to connect, learn, and grow.
- ★ A sense of camaraderie and mutual support was fostered among attendees, strengthening the women's entrepreneurial ecosystem.

6. Alignment with Sustainable Development Goals (SDGs):

- ★ The event directly contributed to SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth), promoting women's economic participation and empowerment.

Through this initiative, the Bank reaffirmed her dedication to bridging economic gaps, driving women's financial independence, and creating long-term business sustainability.
This is more than an event—it's a movement toward inclusive growth and gender equality in entrepreneurship.

5. The Maiden Edition of Althaven Women Masterclass Series

In November, we proudly launched the Maiden Edition of the Althaven Women Masterclass Series, a transformative program aimed at empowering women leaders, professionals, entrepreneurs, undergraduates, and aspiring tech and socialpreneurs.

This masterclass focused on building capacity in several key areas, including developing effective content strategies, storytelling through film, forming impactful partnerships for social development, and influencing policy development.

Through an innovative approach, participants learned how to leverage partnerships and storytelling as tools for changing perspectives and behaviors. They also gained valuable insights into harnessing the power of communication and content strategy while learning to manage their own motivational mechanisms. The sessions provided participants with the skills and confidence to drive change in their communities and industries.

This initiative aligns closely with our goal of fostering creativity, collaboration, and community, and reflects our unwavering commitment to achieving gender equality and human rights for women and girls. We believe that empowering women and girls is crucial to enabling them to realize their full potential, and this masterclass series is a vital step toward achieving that vision.

At Alternative Bank Limited, we are devoted to enhancing education, training, and programs that support women in assuming leadership roles across all sectors. We are committed to increasing the number of female leaders in decision-making positions in political, economic, academic, and public life. The Althaven Women Masterclass directly reflects this commitment, showcasing our dedication to supporting the next generation of female leaders.

The masterclass series received an overwhelming response, with high participation, engagement, and positive feedback. This has highlighted the need to scale the program and consider in-person sessions to facilitate further interaction and networking. We look forward to continuing the series in 2025, expanding its reach, and providing even more women with the tools and knowledge to drive change.

Through initiatives like the Althaven Masterclass, we are proud to play a part in empowering women and creating a more equitable and inclusive future for all.

6. **Empowering Women, Transforming Lives: The Light Her Program in Katsina**

On November 10, 2024, we launched a transformational initiative to empower 2,000 women across 10 communities in Katsina with essential financial literacy, business management, and digital skills. This groundbreaking program, implemented in partnership with the Aziza Development Foundation under the Light Her Program, is designed to equip female micro-entrepreneurs with the tools needed to overcome barriers such as low financial literacy, limited access to finance, digital exclusion, and inadequate business skills—ultimately enhancing their livelihoods and fostering financial independence.

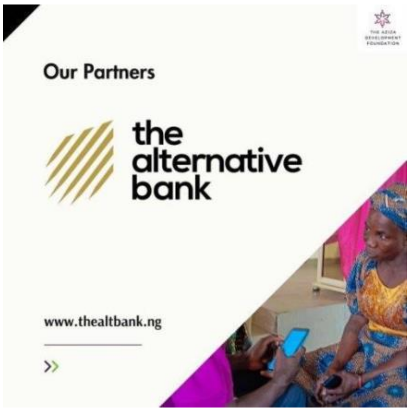
Prior to the launch, our team in Katsina, led by Branch Manager Aisha Nasir, actively engaged key stakeholders to ensure widespread adoption and sustainability. These engagements included:

- Ministry of Women Affairs
- Office of the First Lady
- Ministry of Local Government and Chieftaincy Affairs
- The Emir of Katsina
- National Council for Women Service (NCWS)

Additionally, our partners facilitated a Train-the-Trainer session, equipping 20 volunteers and 15 community leaders with the necessary skills to drive the program's implementation at the grassroots level

This initiative reinforces our unwavering commitment to gender equality and women's economic empowerment—key pillars in our social impact strategy. By reducing financial and digital exclusion, we are fostering economic growth, improving family well-being, and contributing to poverty reduction across communities.

As we expand this program to more communities, we remain dedicated to bridging inequalities, promoting inclusive growth, and creating lasting change for women and their families.



EYN Commits To Better Future For Members

BY HUSSAINI HAMMANGABDO, Yola

The Church of Brethren in Nigeria has committed to acts that guarantee a better future for itself and its members.

The church, otherwise known as Ekklesiyar Yan'Uwa A Nigeria (EYN), made the commitment during the weekend at its headquarters in Kwarhi, Adamawa State, where it held a special retirement service for its immediate past president, Rev Joel Billi and vice president, Rev Anthony Ndamsai.

In their speeches, the incumbent EYN president, vice president, and general secretary said the immediate past president and his team laid a strong foundation on which the new leadership is determined to build.

They recalled how Boko Haram once brought the church almost completely down, with most church branches destroyed, and how the Rev Billi-led leadership had to launch a rebuilding process that has now greatly revived the church.

The incumbent president, Rev Daniel Mbaya, the general secretary throughout the eight years that Billi was president, said he is luckily in a vantage position to continue from where Billi stopped.

He said all that is required is goodwill from all church members, adding, "We call for support for the new leadership's vision to bear fruit. We have a vision for a united living church deeply rooted in the word of God, a church that is spiritually, numerically and materially prosperous."

Similarly, the EYN general secretary, Rev James Musa, said the new leadership is pleased to have a good starting base, explaining, "We learnt resilience, dedication to service and humility from the retiring president and vice president. We are happily building on the solid foundation they laid for us."

Foundation To Train 2,000 Women On Financial Literacy In Katsina

BY GODWIN ENNA, Katsina

The Aziza Development Foundation, in collaboration with the Alternative Bank and the National Council for Women Service (NCWS), has launched a groundbreaking initiative to empower 2,000 women across 10 communities in Katsina with essential financial literacy and management skills.

The "Lightifter Programme" initiative was introduced at an official event in Katsina town yesterday. The event brought together stakeholders to support and raise awareness for the project.

The manager of the Alternative Bank, Aisha Nasir, highlighted that the programme aims to train 200 women per community in crucial skills such as record keeping, budgeting, debt management, digital financial transformation, and protecting themselves against fraudulent schemes that could jeopardise their businesses.

Nasir emphasised that financial literacy is essential to help women gain stability and security in their entrepreneurial pursuits.

Representing the Aziza Foundation, Mustapha Sadiq added that the programme also includes guidance on securing zero-interest loans to further support business growth for women, especially those running small businesses and the most vulnerable.

He expressed that the project aims to alleviate poverty among women by providing them with the tools needed to enhance their income and navigate the economic challenges affecting many households across Nigeria.

Speaking on behalf of the emir of Katsina, Abdulmumini Kabir Usman, Wakili Kudu, and Abdul Ilyasu expressed gratitude to the Aziza Foundation for this initiative. He pledged the Emirate's full support, noting that the programme aligns with the Emirate's commitment to improving the livelihoods of its people, especially through women's empowerment.

NEMA Distributes Relief Items To Victims Of Flood In Rivers

BY MARK ITSIBOR, Abuja

The National Emergency Management Agency (NEMA) said it has distributed relief items to people affected by disaster in the Ruhali community of Ogbogoro Kingdom, Obio/Akpor local government area of Rivers State.

The South-South zonal coordinator of NEMA, Mr Adebiyi Rasaq, who represented the NEMA director general, Mrs Zubaida Umar, flagged off the distribution, which was part of the federal government's efforts to alleviate the suffering of flood victims. He urged the community not to sell the items and emphasised the need for local efforts to clear waterways to prevent future flooding.

The community's traditional ruler, Lawrence Wosaah, expressed gratitude on behalf of the people for the intervention, thanking the federal government and NEMA for their support. Similarly, the community's women leader, Mrs Chukwu Constance, and youth president, Mr Chuka Ovunda, acknowledged that the relief materials had rekindled hope among the flood victims, who had been struggling with significant losses.

NEMA, in collaboration with the Rivers State Emergency Management Agency, distributed relief items, including rice, garri, vegetable oil, and seasoning, directly to the beneficiaries. Although heavy rainfall initially interrupted the distribution, it resumed successfully at the community town hall.

HEALTH INITIATIVES

1. Supporting Mental Health: A Commitment to Well-being and Identity

In today's fast-paced world, the challenge of defining personal identity is increasingly complex, shaped by societal expectations, professional pressures, and the pervasive influence of social media. Recognizing the critical link between identity and mental well-being, Alternative Bank Limited proudly partnered with Sterling Bank and Pinnacle Medical Services for the second edition of the Mental Health Conference on October 13, 2024, at the Oriental Hotel Ballroom, Victoria Island, Lagos.

With the thought-provoking theme, "Who Are You, really?", the conference created a space for individuals to explore the deep and often complicated relationship between self-identity and mental health. Identity is not static but evolves through experiences, choices, and external influences. For many, navigating this journey is challenging, especially amid personal and professional demands, gender expectations, and the constant digital noise.

Led by renowned psychiatrist and mental health advocate, Dr. Maymunah Yusuf Kadiri, the conference convened mental health professionals, advocates, and thought leaders to discuss identity crises, the impact of trauma on self-perception, and the role of multicultural experiences in shaping identity. Through interactive sessions, panel discussions, and expert-led dialogues, participants gained practical tools for personal growth, self-awareness, and mental resilience.

As a Bank that values holistic well-being and sustainable development, our support for this initiative underscores our commitment to mental health advocacy, ensuring that individuals and communities are equipped with the resources needed to foster emotional wellness, self-discovery, and a healthier society.

2. Advancing Health and Well-being: Alternative Bank Limited's Althealth Drive

Access to quality healthcare and universal health coverage remains a critical challenge, particularly in underserved communities. In alignment with our commitment to Sustainable Development Goal (SDG) 3 – Good Health and Well-being, Alternative Bank Limited organized the Althealth Drive, a five-day medical outreach held from December 10–14, 2024, at our Lekki premises in Lagos, Nigeria.

This initiative was designed to bridge the healthcare gap by providing free essential medical services to individuals who may not have regular access to healthcare. Over five days, we engaged 392 participants, offering:

- Blood pressure and blood sugar screenings to promote early detection of hypertension and diabetes.
- Eye screenings for 100 participants, leading to the distribution of 23 pairs of prescription glasses to those in need.
- Medication distribution and wellness consultations to support overall health management.
- A highly interactive health education session, empowering participants with knowledge on chronic disease prevention and general wellness.

The Althealth Drive was well received, with many participants expressing gratitude for the eye screening services, which proved to be a key highlight. More than just a healthcare intervention, this initiative reinforced our dedication to community well-being, trust-building, and social impact. Through initiatives like this, Alternative Bank Limited continues to champion health access, inclusion, and community-driven solutions, ensuring that more individuals can lead healthier, more fulfilling lives.

3. Enhancing Healthcare Access: Supporting the Niger State Contributory Health Scheme (NGSCHS).

Access to quality healthcare remains a significant challenge for many Nigerians, particularly for low-income earners and informal sector workers. Recognizing the need for sustainable healthcare financing, Alternative Bank Limited proudly supported the Niger State Contributory Health Scheme (NGSCHS) in advancing their Social Health Insurance Scheme (NiCare).

This initiative is designed to promote financial risk protection and equitable access to essential healthcare services by pooling resources and ensuring cost-sharing mechanisms that reduce the burden of out-of-pocket healthcare expenses. Our support was instrumental in the Health Insurance Campaign, which aimed to educate traders and market participants on the NiCare Standard Benefit Package—a comprehensive healthcare coverage plan tailored to meet the needs of individuals and families.

Through this partnership, we contributed to raising awareness and facilitating access to:

- Comprehensive Coverage – Ensuring individuals and families receive essential medical services.
- Access to Quality Healthcare Providers – Connecting beneficiaries to accredited hospitals and clinics.
- Preventive Care Services – Encouraging early detection and management of health conditions.
- Easy Enrollment Process – Simplifying access to healthcare through a seamless registration system.
- Continuity of Care – Guaranteeing long-term medical support for enrollees.
- Enhanced Health Outcomes – Promoting overall well-being by reducing healthcare disparities.

By supporting NiCare, we reaffirm our commitment to Sustainable Development Goal (SDG) 3 – Good Health and Well-being, ensuring that more Nigerians, especially those in vulnerable communities, can access affordable, quality healthcare services. Through strategic partnerships like this, Alternative Bank Limited continues to drive social impact, financial inclusion, and sustainable development across Nigeria.

4. Championing Women's Health: Supporting Menopause Awareness and Care

As part of our commitment to improving health outcomes for women and girls, Alternative Bank Limited supported the Menopausal Community Support Initiative, a public health initiative dedicated to raising awareness, providing education, and advocating for better healthcare access for perimenopausal and postmenopausal women.

With women living longer, quality healthcare and support systems are essential to ensure a smooth transition through menopause and promote healthy aging. Unfortunately, awareness and access to menopause-related services remain limited. Through this initiative, we are advocating for the inclusion of menopause care— diagnosis, treatment, and counseling— within universal health coverage, ensuring that women receive the support they need to maintain their well-being at every stage of life.

Menopause is a significant transition that affects a woman's personal and professional life, as well as long-term health. Despite its impact, awareness and access to menopause-related healthcare services remain limited in many regions. Addressing this gap is critical to promoting healthy aging and overall well-being.

Our commitment extends beyond financial support; we aim to drive meaningful change by fostering conversations, promoting inclusivity in healthcare, and ensuring that women have the resources needed to thrive.

YOUTH DEVELOPMENT & CREATIVE ENTERPRISE

1. The Youth Social Innovation Summit in Lagos

In line with the Bank's ongoing commitment to fostering youth development and leveraging the significant
demographic dividend, we partnered with the Eunoia Youth Social Impact Initiative to host the inaugural Youth Social Innovation Summit at Lagos State University on November 27, 2024

The summit, themed "Policy Making and Youth Engagement: Shaping the Future Together," brought together thought leaders from various industries and academia, who shared their insights through goodwill messages. The event featured a mix of paper presentations, lectures, panel sessions, fireside chats, and partner moments, offering us a platform to present the Bank's offerings to an engaged audience.

This summit provided a dynamic and interactive space for young innovators and students to engage with policymakers and business leaders on critical issues. Attendees were equipped with valuable knowledge in business fundamentals, financial literacy, digital opportunities, and the Global Sustainable Development Goals.
The Bank's presentation was met with enthusiastic applause, signaling the positive reception of our youthcentric solutions. This response translated into a significant increase in inquiries and account openings, underscoring the impact of our engagement and the relevance of our offerings to the next generation of leaders.

2. Celebrating Creativity, Honoring Legacy: Our Support for The Noble Warrior – Eni Ogun

In 2024, as part of our unwavering commitment to youth development and the creative economy, we proudly supported the special theatre presentation of The Noble Warrior – Eni Ogun, written by Aiye-ko-ooto. This landmark production honored the 90th birthday of the global literary icon, Professor Wole Soyinka, a towering figure in African literature and theatre.

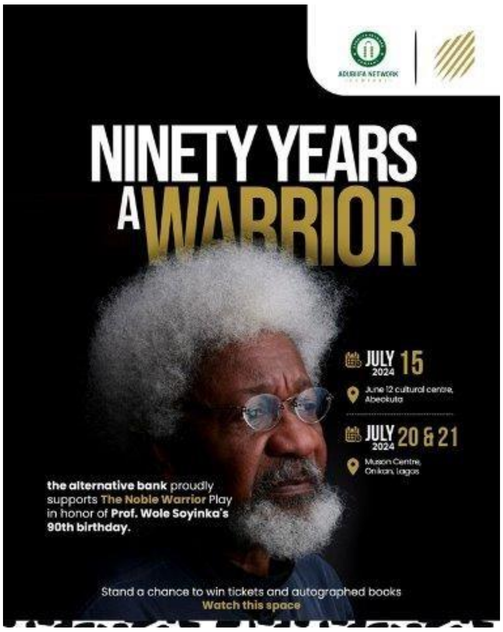
In collaboration with the producers and key stakeholders, we:

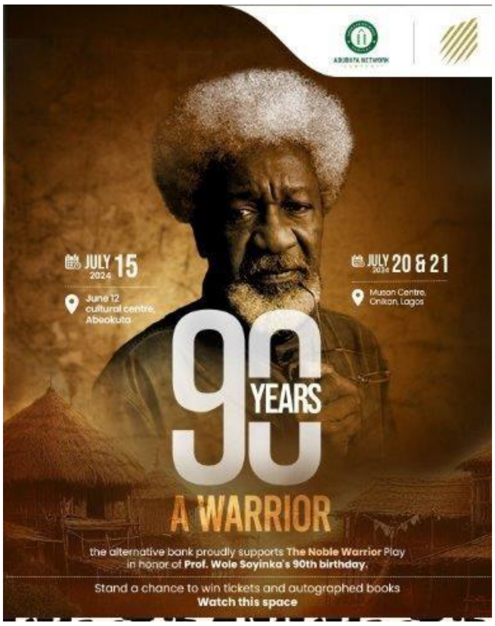
- Promoted the production through strategic marketing and audience engagement
- Engaged industry leaders and creatives, fostering meaningful conversations on the role of theatre in youth empowerment
- Showcased the intersection of arts, business, and social change, reinforcing our commitment to cultural preservation and creative innovation

This partnership was more than a celebration of artistic excellence—it was a bold statement on the power of storytelling, performance, and creative expression in shaping narratives, inspiring young Nigerians, and preserving cultural heritage.

By championing theatre and investing in the next generation of storytellers, we reaffirm our dedication to fostering a dynamic creative ecosystem—one that nurtures talent, drives economic inclusion, and ensures that Africa's artistic legacy continues to thrive for generations to come.

The event which held at the Muson Centre Lagos on 15 July,2024, drew literary scholars, cultural enthusiasts, top managements of the Bank, customers and dignitaries who gathered to celebrate Prof. Wole Soyinka's significant contributions to literature, drama, and social activism.





AGRIC & FOOD SECURITY

Advancing Food Security: Our Participation at the 7th Agric Summit Africa

From November 11th – 12th, 2024, we proudly participated in the 7th edition of the Agric Summit Africa (ASA), held at the Transcorp Hilton, Abuja.

Under the theme "Transitioning from Scarcity to Security," the summit brought together policymakers, industry leaders, agricultural experts, and key stakeholders to explore innovative solutions for achieving food security in Africa. Discussions focused on sustainable agricultural practices, cutting-edge innovations, and strategic investments—paving the way for Africa to not only meet its own food demands but also emerge as a global agricultural powerhouse.

The summit provided an invaluable platform for:

- High-level networking and investment opportunities
- Expert-led panel discussions on critical agricultural challenges and solutions
- Keynote addresses from influential thought leaders in the sector

Africa, with its vast arable land, favorable climatic conditions, and a youthful population, holds immense potential to become a global leader in agriculture but as of 2022, 868 million in Africa were already affected by moderate to severe food insecurity.

As an annual flagship event, ASA continues to shape the future of agriculture by bringing together decisionmakers and industry pioneers to address the continent's most pressing agricultural challenges.

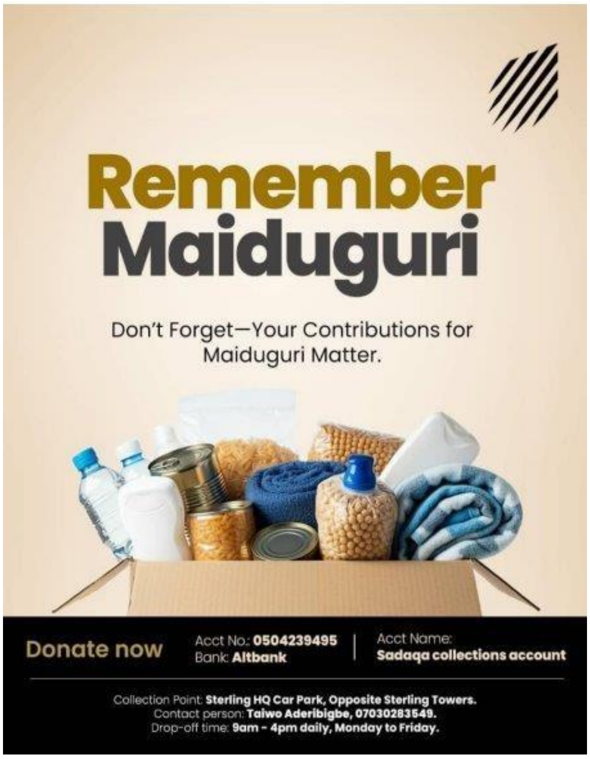
Our participation reaffirms our commitment to driving sustainable agricultural growth, fostering economic resilience, and supporting the development of innovative financing solutions that empower agribusinesses and farmers across Africa.

ENVIRONMENTAL, HUMANITARIAN AND DISASTER SUPPORT

1. **Flood Response and Relief Efforts in Maiduguri**
   On September 9, 2024, a catastrophic flood struck Maiduguri, triggered by the breach of the Alau Dam, located approximately 20 kilometers away from the city. The dam's structural damage, compounded by heavy rainfall across Bama, Damboa, and Gwoza LGAs, led to severe flooding, submerging around 40% of Maiduguri. The scale of the disaster was immense, affecting over 400,000 individuals. In response, government authorities evacuated the displaced populations to 36 temporary relocation sites, including existing Internally Displaced Persons (IDP) camps and informal settlements.

   Considering the urgent and overwhelming needs of the affected households, our organization launched an immediate campaign to provide critical assistance to the displaced and vulnerable populations in Maiduguri. Our intervention included the provision of essential non-food items (NFIs) and cash transfers, which were rapidly collected, processed, and distributed to the affected communities.

   This initiative played a vital role in alleviating the immediate suffering of the flood victims, many of whom were already facing hardship due to the prolonged lean season in the region. The timing of the disaster exacerbated an already dire socio-economic crisis, marked by national food insecurity and economic instability, further increasing the vulnerability of the affected population.



The flood response efforts aligns with our commitment to the Sustainable Development Goals (SDGs), particularly:

- SDG 1: No Poverty: By providing essential non-food items, we aimed to reduce the immediate financial burden on displaced families, improving their access to necessities and fostering resilience in the face of economic instability.
- SDG 2: Zero Hunger: The flood exacerbated food insecurity during the lean season. Our support focused on ensuring that displaced populations had access to food and non-food assistance, mitigating the risk of malnutrition and hunger.
- SDG 11: Sustainable Cities and Communities: By assisting the affected populations, we contributed to the building of resilient communities that can withstand future shocks, particularly in the face of climate change induced flooding.
- SDG 13: Climate Action: This intervention highlights the importance of preparedness and response to the impacts of climate change, particularly in regions vulnerable to extreme weather events. Our actions reinforced the need for climate resilience measures to protect communities from future disasters.

Through our coordinated response to the Maiduguri flooding, we not only addressed immediate humanitarian needs but also contributed to longer-term efforts aimed at fostering resilience, sustainability, and socio-economic stability for those affected.

This report underscores our commitment to the affected communities and our continued efforts to drive meaningful social impact, particularly in regions facing heightened vulnerability due to socio-economic challenges and environmental risks.

2. **Waste for Social Impact Initiative and Campaign - Tackling Plastic Pollution**

Despite the growing global awareness of plastic pollution, the practical challenge of widespread plastic collection remains a significant hurdle. The OECD's first Global Plastics Outlook highlights that rising populations and incomes are driving an ever-increasing demand for plastic, with production soaring to over 400 million tons annually. Unfortunately, policies to address plastic waste leakage into the environment have been insufficient, and between 19-23 million tons of plastic end up in lakes, rivers, and seas every year.

Fighting plastic pollution has become one of the most pressing environmental challenges of our time. The effects on ecosystems, wildlife, and human health are profound, and urgent action is needed to combat the rise of plastic waste. At Alternative Bank Limited, we believe that a collaborative, proactive approach is essential in addressing this crisis, which is why we have committed to driving real, impactful change through our Waste for Social Impact initiative.

As an institution that values sustainability and environmental responsibility, Alternative Bank Limited recognizes the pivotal role we play in shaping a future where plastic pollution is minimized, and resources are efficiently recycled. The challenge is clear: while there is significant awareness about the dangers of plastic pollution, the infrastructure to address the scale of the problem is lagging. By stepping up to the challenge, we aim to lead by example, providing our community with tools, incentives, and education to drive meaningful change in plastic waste management.

We believe that integrating sustainable practices within our operations not only mitigates environmental harm but also builds a culture of responsibility and innovation. The Waste for Social Impact initiative reflects our commitment to turning this belief into action, leveraging our resources and network to make a tangible impact.

The Waste for Social Impact initiative is designed to address plastic waste collection while simultaneously fostering a circular economy. The program focuses on three key areas:

1. Exponential Growth in Household Plastic Collection. By promoting plastic collection at the household level, we aim to drastically increase the number of collected plastic items. This effort will help to reduce plastic waste accumulation in the environment and will provide an opportunity to reward and incentivize staff, customers, and agents for their participation.
2. Creating Visibility and Raising Awareness. We are committed to making plastic collection more visible and accessible. Through strategically placed collection kiosks and partnerships with local communities, we aim to raise awareness about the environmental impacts of plastic pollution and provide convenient solutions for people to take action.
3. Incentives and Passive Income for Participants. To make the initiative even more compelling; participants will receive incentives for their contributions. This includes staff, customers, and agents who can benefit from passive income opportunities, making the act of recycling not only an environmentally responsible choice but also a rewarding one.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OTHER PROGRAMS AND COMMUNITY ENGAGEMENT & SUPPORT PROJECTS

1. Reimagining Africa's Blueprint for Sustainable Growth in ASIS

On July 25-26, 2024, we joined critical stakeholders, development partners, and impact investors and partnered at the Third Africa Social Impact Summit (ASIS), held at the prestigious Eko Hotel Convention Centre in Lagos. This influential event brought together leaders from diverse sectors to accelerate action towards achieving the Sustainable Development Goals (SDGs) across Nigeria and Africa.

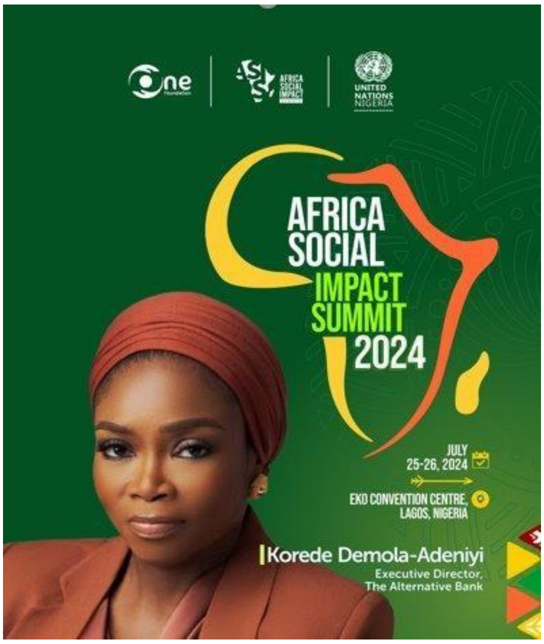
The Africa Social Impact Summit serves as a vital multi-sectoral platform, dedicated to advancing the SDGs and fostering collaboration between the public and private sectors. This year's two-day summit aimed to achieve several key objectives:

- Establishing a Collaborative Framework: The summit focused on fostering collaboration among the public and private sectors, as well as the development community, to create measurable impact through influence and advocacy. By creating these synergies, the event emphasized the importance of collective action in tackling the continent's most pressing issues.
- Promoting Impact Investment Opportunities: One of the summit's main goals was to provide impact investment opportunities for social enterprises in critical sectors, addressing vital needs and supporting the scaling of solutions aligned with the SDGs.
- Stimulating Stakeholder Involvement: The summit sought to stimulate increased participation from both public and private stakeholders in developing policies that would accelerate the achievement of the SDGs. It also underscored the importance of supporting Africa's new action plan under the African Union 2063 Agenda, aligning efforts to build a prosperous and sustainable future for the continent.

Our Executive Director, Mrs. Korede Demola-Adeniyi, was honored to serve as a discussant at a key panel session focused on Scaling Catalytic Capital in Africa for Sustainable Economic Prosperity. This conversation highlighted the need for innovative financial solutions to drive long-term impact, emphasizing the role of catalytic capital in unlocking sustainable development across Africa.

The Africa Social Impact Summit provided an invaluable platform for thought leadership, partnership building, and the sharing of insights on how we can all contribute to a more inclusive and prosperous Africa. At this summit, we reaffirmed our commitment to supporting initiatives that drive progress towards the SDGs and contribute to the continent's sustainable development.

We look forward to the continued collaboration with fellow stakeholders, development partners, and investors, as we work together to create a measurable impact on the social and economic landscapes of Africa.



2. **Alternative Bank Limited Partners with Ikoyi Golf Club for Nigeria Cup 2024**

Alternative Bank Limited proudly partnered with the prestigious Ikoyi Golf Club to sponsor the 27th Nigeria Cup Golf Tournament, which officially kicked off on Sunday, October 22nd, 2024, at the club's scenic and expansive course in Ikoyi, Lagos. This strategic collaboration between two esteemed organizations underscores our shared commitment to promoting harmony through sports, social interactions, youth development, and impactful philanthropic initiatives.

A standout feature of this year's tournament was the inaugural "Golf for Good" charity event—a unique 3-hole mini-golf tournament designed to raise funds for charitable causes. Participants, including the Bank and event attendees, generously contributed to this transformative initiative aimed at equipping young and aspiring caddies with essential digital literacy and entrepreneurial skills. This initiative reflects our dedication to empowering youth with the skills needed to thrive in an increasingly digital and entrepreneurial world.

In recognition of their remarkable achievements, winners of both the Bunker Contest and the Mini Golf Charity Tournament were awarded exclusive prizes, including access to Alternative Bank Limited's AltClub private lounge at MMA 2, an exclusive space for frequent flyers. In addition, winners received the coveted Gold MasterCard World card, which offers a range of premium perks, such as access to private airport lounges worldwide, discounts at luxury hotels, complimentary travel insurance, and more.

The Nigeria Cup, Nigeria's premier golfing event, spanned an exciting weeklong programme featuring competitions for professionals, caddies, children, and special guests. The tournament showcased top-tier golfing talent while providing valuable opportunities for community engagement, social networking, and charitable giving. Hundreds of professional golfers participated, contributing to the tournament's atmosphere of excellence and camaraderie.

The event culminated in a glamorous gala night on October 28, celebrating the achievements of the golfers and patrons.

In his remarks about the partnership, George Etomi, Chairman of the Planning Committee for the Nigeria Cup, expressed his appreciation for Alternative Bank Limited's headline sponsorship of the event: "We are proud of Alternative Bank Limited's support of the 27th Nigeria Cup. Their partnership has added tremendous value to this year's tournament, and we are grateful for their ongoing support. We look forward to continuing this fruitful collaboration and seeking more like-minded partnerships that benefit the golfing community both in Lagos and beyond."

Alternative Bank Limited's sponsorship of the Nigeria Cup 2024 further underscores our commitment to fostering meaningful relationships with our customers and supporting initiatives that contribute to the betterment of society. By supporting sports, youth development, and charitable causes, we continue to make a positive impact on the communities we serve, demonstrating our belief in the power of collaboration and social responsibility.

3. Partnership with IBB International Golf & Country Club for the 2024 Independence Cup

In celebration of Nigeria's 64th independence anniversary, we proudly partnered with the IBB International Golf and
Country Club, Abuja, as they hosted the 2024 Independence Cup. The golf tournament, which took place from September 26th to October 1st, 2024, brought together some of the most talented golfers from Nigeria and around the world.

This sponsorship reflects our continued commitment to supporting sports, promoting wellness, and fostering community engagement. The tournament served as a vibrant platform for golfers of all levels—ranging from top professionals to veterans and super veterans—to compete, network, and forge new business partnerships in a relaxed yet competitive environment.

The weeklong event kicked off with a spirited competition among the caddies and staff on Wednesday, who battled for trophies and various gifts. Thursday saw the ladies' section take the

spotlight, with a special celebration honoring past captains and lady captains of the club, making the day a unique tribute to the club's history and leadership.
On Friday, golfers from the handicap community (28+ for ladies and 19+ for men) as well as veterans and super veterans took to the course, swinging for honor and celebrating Nigeria's independence in style. On Saturday, golfers in the ladies' handicap 11-27 and men's handicap 11-18 categories competed fiercely for recognition and pride.

The weekend featured a double matchplay on Sunday between teams from Nigeria, Ghana, Uganda, Cameroon, and Rwanda, as they gathered to celebrate with us. On Monday, the competition continued with a single matchplay between the same nations. The grand finale of the event took place on October 1st, with the Sports Minister and other distinguished government officials teeing off the Independence Anniversary tournament at 9
a.m. The event concluded with a grand Independence Dinner and a prize-giving ceremony, marking the successful culmination of the week's festivities.

Our partnership with the IBB International Golf and Country Club for the 2024 Independence Cup has not only provided an exceptional sporting experience but also contributed to strengthening ties within the golfing community and beyond. The event facilitated invaluable networking opportunities, fostered cross-border collaborations, and helped create a lasting impact through sports in Nigeria.

As a proud sponsor, we reaffirm our commitment to promoting wellness, social engagement, and community development through continued support for impactful initiatives like the Independence Cup.

4. Promoting Youth Talent in The Creative Space

Africa is home to the youngest population globally, making youth development a critical issue—especially in Nigeria, which has the largest youth population on the continent. It is essential to empower young people, positioning them as agents of change who can advocate for their futures and lead societal transformation.

As part of our commitment to youth empowerment, Alternative Bank Limited participated in the British Council
Premiere of the 10 short films from the first cohort of the Film Lab Africa program, which premiered at the Nigerian International Film and TV Summit 2024. The event was held at the Legend Hotel Lagos Airport, Curio Collection by Hilton on August 28, 2024..

The premiere event was a dynamic celebration of creativity and talent, featuring a series of networking opportunities, panel discussions, and stakeholder engagements. In collaboration with the Sterling One Foundation and Filmmaker Tolu Ajayi, a panel session explored the impact of industry support on the development of emerging filmmakers. The event also included red carpet moments, short film screenings, and creative performances, showcasing the immense potential of the next generation of storytellers.

Through initiatives like this, Alternative Bank Limited remains dedicated to fostering the growth and development of young talent, contributing to the achievement of the Sustainable

Development Goals (SDGs), particularly SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth). We continue to invest in empowering young people, helping them realize their potential and shaping a brighter future for the continent.

5. Bridging the Housing Deficit for Lagosians

Cities serve as vibrant hubs for ideas, commerce, culture, science, and human development, contributing significantly to social, human, and economic growth. Sustainable urban development hinges on addressing key issues such as urban planning, transportation, water, sanitation, waste management, disaster risk reduction, and access to education, information, and capacity-building.

It was a moment of great excitement as the Lagos State Governor officially commissioned the 170-unit apartment of the Raymond Estate and Sterling Heights Housing Project, financed by Alternative Bank Limited, on Friday, August 16, 2024. The ceremony took place in the Agboyi-Ketu Local Council Development Area (LCDA), Ketu, Lagos State.

This project was designed to address the growing housing deficit in Lagos, which currently exceeds 3 million units. It also supports the initiative to provide affordable housing solutions for low and medium-income earners, aiming to create better living conditions for the city's rapidly expanding population.

By financing this project, Alternative Bank Limited reaffirms its commitment to fostering innovative solutions that have a meaningful and positive impact on the communities we serve. This initiative strongly contributes to the achievement of Sustainable Development Goal (SDG) 11, which seeks to make cities and human settlements inclusive, safe, resilient, and sustainable. Through such efforts, we continue to play an active role in shaping the future of urban living and development in Lagos and beyond.

Sustainability Governance Dimension

At Alternative Bank Limited, we believe traditional banking often lacks the flexibility and personal touch that
today's customers deserve. That's why we've set out to redefine the banking experience, designing solutions that are tailored specifically to your unique needs and values.

Our journey began in January 2014 with a bold vision when we were granted provisional approval to offer a non-interest banking window under Sterling Bank. From day one, we were driven by the desire to create something special – a dynamic, customer-centric Bank that respects your individuality and speaks your language.

In July 2023, we reached a major milestone when the Central Bank of Nigeria (CBN) granted us a full Banking License, allowing us to operate as Alternative Bank Limited – a fully-fledged, standalone institution. This moment marked the beginning of a new chapter, one that would empower us to offer innovative, ethical, and inclusive banking services.

Guiding our every step is ACE – our Advisory Committee of Experts, whose dedication ensures that we adhere to the principles of Non-Interest Banking (NIB) while offering services that are both ethical and customerfocused.

Our Approach To Operational Risk Management

The Digital and Operational Risk Management department has the responsibility of implementing the digital and operational risk management frameworks across the Bank.
Operational Risk Management plays a vital role in minimizing financial losses, ensuring compliance with regulations, protecting the Bank's reputation and strengthening customer trust.
Embedding adequate risk culture among the employees is vital in sustaining an improved outlook. The Management of the Bank provides full support in ensuring that the Bank's risk profile is minimal and within the risk appetite. Highlighted below are some of the milestones achieved FY2024:

1. **Enhanced Operational Risk Management Committee (ORMC)**
Management approval was obtained for the establishment of the Operational Risk Management Committee to fully aid the implementation of the operational risk management framework across the Bank and ensure adequate closure of all action plans while mitigating risk in the Bank. The

Committee has continuously functioned, and there has been a significant reduction in operational risk exposures of the Bank. Action items are being considered and addressed by Committee members across various business units for the mitigation of risk concerns in the Bank.

2. **Revamped Risk and Control Self-Assessment Implementation**

The RCSA Framework was reviewed, revamped, and approved for implementation in the year. The review incorporated the enhancement of controls, the stakeholders' engagement methodologies, monitoring and compliance, consequence management, and escalation procedures. RCSA is performed across the organization as the leadership in the various business units has been well embedded in the process.

3. **Risk Register**

Within the period, the consolidated/comprehensive enterprise risk register was established. This includes the identification of inherent risks and residual risks across the entire organization. Appropriate control measures were adequately embedded to mitigate risk exposures within the risk universe as contained in the risk register. This has improved the holistic approach for risk treatment across the organization.

4. **The Creation and Review of Standard Operating Procedures (SOP)**

The standardization of the SOP documents across the entire Bank was performed to ensure the availability of the necessary details/elements and that the inherent and residual risks are well mitigated across the organization. A repository was created for the manuals which will enable centralization and easy access to mitigate keyman risk and proper dissemination of information.

5. **Products and Solutions Assessment**

There is an increased involvement of Digital and Operational Risk Management as a key stakeholder in the product and solutions development life cycle to identify inherent and residual risks. This includes our involvement in user acceptance testing, demos, and the review of Business Requirement Documentation (BRD), Standard Work Request (SWR), and product papers in the organization for comprehensive risk identification, assessment, and mitigation.

6. **Appointment of Risk Champions**

Risk Champions were appointed across the businesses. The process is dynamic to accommodate the growing business of the organization. A risk champion is an employee within a business unit saddled with the responsibility of supporting the department or division with the identification, assessment, mitigation, and reporting of material risks. We liaise directly with the Risk Champions to facilitate enterprise risk management in many business units of the Bank across various locations in Nigeria.

7. **Operational Risk Awareness**

Training and awareness were conducted in different capacities in the year. Awareness campaigns were created in different modes/styles of communication including video communication, email, material creation and physical training across the organization.

CORPORATE INTEGRITY AND ANTI-CORRUPTION STATEMENT

Alternative Bank Limited's Commitment to Ethical Business Practices, Transparency, and Governance

At Alternative Bank Limited, we are dedicated to maintaining the highest standards of corporate integrity, ethical business conduct, and transparency. Our anti-corruption framework aligns with Nigerian laws and regulations, including the Corrupt Practices and Other Related Offences Act (2000), the Economic and Financial Crimes Commission (EFCC) Act (2004), the Money Laundering (Prevention and Prohibition) Act (2022), and the Code of Corporate Governance for Banks and Discount Houses (2014) issued by the Central Bank of Nigeria (CBN).

This statement outlines our approach to corporate integrity, governance, and anti-corruption compliance in accordance with the Global Reporting Initiative (GRI) 205 disclosure requirements.

1. **Anti-Corruption Policies and Commitments**

Alternative Bank Limited enforces a zero-tolerance policy towards corruption, bribery, and unethical business practices. Our Anti-Corruption and Business Ethics Policy ensures compliance with Nigerian laws and includes:

- Prohibition of bribery, facilitation payments, and conflicts of interest, in line with the Corrupt Practices and Other Related Offences Act (2000).
- Mandatory disclosure of gifts and hospitality to prevent undue influence, as stipulated by the CBN Code of Corporate Governance.
- Strict compliance with the Money Laundering Act (2022), including robust Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures.
- Obligation for employees and third parties to report suspected corruption through established whistleblower mechanisms.

Violations of these policies result in strict disciplinary measures, including dismissal and legal action in collaboration with relevant authorities such as the Independent Corrupt Practices Commission (ICPC) and the EFCC.

2. **Governance and Risk Management Framework**

Our anti-corruption governance structure ensures strong leadership oversight and accountability. The framework includes:

- Board Oversight: The Board of Directors, through the Board Audit & Compliance Committee, provides oversight on integrity risks and ethical governance.
- Risk-Based Approach: The Enterprise Risk Management (ERM) framework incorporates periodic corruption risk assessments, focusing on high-risk areas such as procurement, third-party engagements, and politically exposed persons (PEPs).
- Third-Party Due Diligence: Before engaging with vendors, agents, or partners, the Bank conducts rigorous Anti-Bribery and Corruption (ABC) due diligence, ensuring compliance with the EFCC and ICPC guidelines.

3. **Internal Controls and Audit Oversight**

Alternative Bank Limited has implemented robust internal controls to detect and mitigate corruption risks, including:

- Whistleblower Mechanism: A secure Ethics & Compliance Hotline allows employees and external stakeholders to report misconduct anonymously, with full whistleblower protection under the Whistleblower Protection Policy (Federal Ministry of Finance, 2016).
- Independent Internal Audits: The Internal Audit function performs regular compliance reviews and audits to detect irregularities and recommend corrective actions.
- Transaction Monitoring: Automated anti-money laundering (AML) systems detect suspicious financial transactions, ensuring full compliance with CBN AML/CFT regulations.

4. **Employee Training and Awareness**

We invest in ongoing education to strengthen our culture of integrity:

- Annual Mandatory Training: All employees, including senior management, undergo annual anticorruption and AML/CFT training, covering Nigerian laws and international best practices.
- Role-Specific Training: High-risk roles such as procurement, finance, and relationship management receive specialized training on corruption risk mitigation.
- Third-Party Awareness Initiatives: Vendors and business partners are required to acknowledge and comply with our Code of Conduct and anti-bribery principles.

In FY 2024, our employees were exposed to anti-corruption training, reinforcing our commitment to ethical banking practices.

5. **Incidents and Reporting**

Alternative Bank Limited maintains a transparent and proactive approach to addressing corruption risks:

- Zero confirmed incidents of corruption were recorded within internal operations in FY 2024.
- Strengthened due diligence measures were implemented to address identified risks in high-risk transactions.

In 2024, we received and resolved over 126,00 stakeholder complaints through our established communication channels. These complaints were primarily through the customer contact center. Our robust grievance redress mechanism effectively addresses concerns from community members, employees, customers, contractors, and third-party service providers, ensuring timely and satisfactory resolutions across all stakeholder groups. All reports are investigated confidentially, and whistleblowers are fully protected against retaliation.

Advancing Sustainability through Audit & Compliance

Alternative Bank Limited's Audit & Compliance function plays a crucial role in integrating sustainability and ethical governance by:

- Enhancing ESG (Environmental, Social, and Governance) compliance within risk management frameworks.
- Strengthening supplier due diligence to ensure responsible business practices and prevent unethical conduct.
- Improving transparency in financial reporting, ensuring adherence to both local and global corporate governance standards.

- Incorporating sustainability risk assessments into the audit process enables organizations to identify environmental and social risks, facilitating the development of effective management strategies.
- Monitor evolving sustainability regulations and conduct regular compliance checks to avoid penalties and protect the organization's reputation.

We remain committed to maintaining the highest standards of corporate integrity, ensuring compliance with Nigerian anti-corruption laws, and fostering a transparent and ethical banking environment.

CODES, STANDARDS, AND GUIDELINES AT ALTERNATIVE BANK LIMITED

Code of Professional Conduct and Ethics

Alternative Bank Limited's Code of Professional Conduct and Ethics sets forth the ethical principles, policies, and standards guiding the actions of all employees and directors. By emphasizing integrity, fairness, and accountability, the Code ensures compliance with all relevant laws, regulations, and Shari'ah guidelines.

- **Scope:** Applies to every employee and director of Alternative Bank Limited.
- **Key Principles:** Integrity, honesty, fairness, transparency, and accountability.
- **Employee Acknowledgment:** Employees must certify that they have read and understood the Code.
- **Consequences of Violations:** May include disciplinary action, termination, or legal proceedings.
- **Whistleblowing:** A dedicated channel enables confidential reporting of misconduct or concerns.

Responsibilities of Employees and Directors

1. **Professional Conduct**
    - Act professionally and exercise due diligence.
    - Avoid conflicts of interest and always act in the Bank's best interests.

2. **Use of Assets & Confidentiality**
    - Bank assets (both physical and intellectual) may only be used for official business purposes.
    - Confidential information must remain secure and undisclosed to unauthorized parties.

3. **Receiving & Offering Gifts**
    - Soliciting or accepting bribes, commissions, or unauthorized gifts is strictly prohibited.

4. **Disclosure & Transparency**
    - Any conflicts of interest or financial entanglements must be disclosed promptly.
    - Obtain required approvals for any activities or engagements that could affect the Bank's reputation.

5. **Media & Public Speaking**
    - Written approval is mandatory before making public statements or representations on the Bank's behalf.

6. **Workplace Behavior**
    - Harassment, discrimination, violence, gambling, substance abuse, or any form of misconduct is not tolerated.

7. **Political & Social Activities**
   • Approval is required for any political or social involvement that could reflect on the Bank.

Customer Relations & Compliance

1. **Anti-Money Laundering (AML) & Know Your Customer (KYC)**
- Adherence to AML/CFT/CPF regulations is mandatory.
- Vigilance in verifying and monitoring customer activities is essential.

2. **Confidentiality**
- Safeguard customer data and prevent unauthorized disclosures.

3. **Credit Discipline & Investments**
- Ethical standards must guide all credit and treasury transactions.

4. **Conflict of Interest**
- Avoid personal relationships or investments that could undermine professional judgment.

General Compliance

Regulatory Adherence: Follow all banking laws, regulations, and ethical standards.
Authorized Representation: Unapproved contracts, financial deals, or actions on behalf of the Bank are prohibited.
Director Obligations: Directors must comply with disclosure requirements under CAMA 2020 and BOFIA 2020.

By instituting this Code of Conduct and Ethics, Alternative Bank Limited upholds its foundational values while satisfying legal, regulatory, and Shari'ah obligations. Compliance is mandatory, and noncompliance may result in disciplinary measures.

POLICIES IMPLEMENTED AT ALTERNATIVE BANK LIMITED

1. **Finance & Investment Policy Guide**
   This policy provides the overarching guidelines for Alternative Bank Limited's financial and investment decisions.
   It governs:
   - **Capital Allocation and Return on Investment (ROI):** Ensures funds are invested in activities aligned with the Bank's strategic objectives, Shari'ah principles, and sustainability goals.
   - **Ethical and Shari'ah Compliance:** Requires that all financing and investment transactions meet the Bank's ethical and religious standards.
   - **Oversight and Reporting:** Mandates regular reviews, risk assessments, and transparent reporting to management and relevant committees.

2. **Risk Appetite Framework**
   The Risk Appetite Framework (RAF) defines the level and type of risks the Bank is willing to accept to achieve its strategic objectives. It covers:

- **Risk Tolerance Levels:** Establishes quantitative and qualitative thresholds for key risk indicators, ensuring the Bank remains within acceptable limits for credit, market, operational, and reputational risks.
- **Decision-Making:** Guides strategic and tactical decisions so that business growth remains consistent with risk capacity.
- **Ongoing Monitoring and Escalation:** Defines procedures to identify, escalate, and address breaches of risk appetite in a timely manner.

3. **Liquidity Risk Management Policy**

This policy ensures Alternative Bank Limited can meet its short- and long-term financial obligations without incurring unacceptable losses. Key aspects include:

- **Liquidity Buffers and Reserves:** Requires the Bank to maintain sufficient liquid assets to meet anticipated and unanticipated funding needs.
- **Stress Testing and Scenario Analysis:** Assesses liquidity positions under various market and operational stress conditions.
- **Regulatory Compliance:** Aligns with local and international liquidity requirements, such as the Basel Accords and guidelines from the Central Bank of Nigeria (CBN).

4. **Market Risk Management Policy**

Focused on safeguarding the Bank against losses arising from adverse market movements (e.g., interest rates, foreign exchange rates, equity prices). This policy:

- **Identification and Measurement:** Utilizes standardized metrics (e.g., VaR) and scenario analyses to quantify market risk exposures.
- **Risk Limits and Hedging Strategies:** Sets trading and position limits, and outlines hedging tools (e.g., derivatives) for mitigating market risk.
- **Monitoring and Reporting:** Requires frequent reporting to senior management and the Board for timely decision-making.

5. **Enterprise Risk Management (ERM) Policy**

The ERM Policy provides a holistic framework to identify, assess, mitigate, and monitor risks across all functional areas of the Bank. It includes:

- **Integrated Risk Assessment:** Consolidates credit, market, operational, legal, reputational, and strategic risks under one unified approach.
- **Risk Culture:** Promotes a culture of accountability and transparency, ensuring every employee understands their role in managing risk.
- **Governance Structure:** Defines clear oversight responsibilities for the Board, senior management, and dedicated committees or units.

6. **Business Continuity Policy**

This policy ensures the Bank's critical operations can continue or be restored quickly in the event of disruption. It covers:

- **Business Impact Analysis (BIA):** Identifies essential operations, technologies, and resources required to maintain services.
- **Disaster Recovery Planning:** Establishes processes for rapid system restoration and backup facilities.
- **Crisis Management Procedures:** Outlines roles, communication protocols, and escalation pathways during emergencies.

7. **Legal Risk Management Policy**
   Aims to minimize litigation risks, regulatory penalties, and contractual disputes. Specifically, it covers:
   - **Contract and Documentation Review:** Ensures legal agreements comply with Shari'ah guidelines, statutory requirements, and Bank policies.
   - **Regulatory Tracking:** Monitors changes in laws/regulations, proactively adjusting the Bank's processes and practices.
   - **Dispute Resolution Strategies:** Lays out protocols for negotiation, mediation, and—when necessary— litigation.

8. **Operational Risk Management Policy**
   Designed to minimize the risk of loss resulting from inadequate or failed processes, systems, or human errors.

   This policy includes:
   - **Process Controls and Audits:** Mandates standardized procedures, internal checks, and regular audits to detect and mitigate risks.
   - **Incident Reporting and Analysis:** Requires all operational losses, near misses, or control failures to be documented and analyzed for root causes.
   - **Technology and Cybersecurity Measures:** Integrates IT risk considerations to protect against data breaches, system failures, and operational disruptions.

9. **Service Management Policy**
   This policy governs how services are developed, delivered, and continually improved to meet or exceed customer expectations. Key elements are:
   - **Service Level Agreements (SLAs):** Establishes performance targets and response times for internal and external services.
   - **Continuous Improvement:** Encourages periodic reviews of service quality, with feedback loops to drive enhancements.
   - **Customer Experience Focus:** Aligns service delivery with the Bank's commitment to fairness, empathy, and excellence.

10. **Information Security Management System (ISMS) Policy**
    This policy protects the confidentiality, integrity, and availability of the Bank's information assets. It addresses:
    - **Access Controls:** Ensures staff, vendors, and partners only have necessary permissions to perform duties.
    - **Data Protection and Privacy:** Complies with relevant data privacy laws and guidelines to safeguard customer information.
    - **Security Awareness Training:** Requires ongoing employee education to reduce the likelihood of data breaches, phishing, or social engineering attacks.

Collaboration And Partnerships

Alternative Bank Limited collaborates with various stakeholders and partners to promote responsible, innovative banking:

1. Central Bank of Nigeria (CBN)
2. National Deposit Insurance Corporation (NDIC)
3. NASRUL-LAHI-L-FATIH SOCIETY (NASFAT)

4. Global Entrepreneurship City Limited
5. International Workspace Group (IWG)
6. Small Foundation
7. Advisory Committee of Experts (ACE)

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

At Alternative Bank Limited, delivering solutions that enhance stakeholder value is at the heart of our mission. We recognize that our operations impact our stakeholders, and their insights, in turn, shape our ability to achieve strategic goals. By building trust and nurturing lasting relationships, we actively engage with our stakeholders to understand their expectations and integrate their feedback into our strategic and business decisions.

Committed to enriching lives, we create value for all our stakeholders through both formal and informal interactions, consistently gauging their perspectives to refine our approach.

Our stakeholder categories include:

- **Internal Stakeholders:** Employees, shareholders, and investors.
- **External Stakeholders:** Customers, suppliers/third-party service providers, communities, regulators, media organizations, government agencies, and non-governmental organizations.

The table below outlines our engagement with various stakeholder groups.

Our Stakeholders	Reasons for Engagement	Channels of Engagement
Customers	• To understand their financial services needs and offer innovative solutions. • To gauge satisfaction with products and services and identify areas for improvement.	• Branches • Contact Centre • Mobile and online banking • Website • Social media channels • Customer research • Customer ComplaintUnit • Customer surveys
Employees	• To ensure a safe, conducive work environment that supports continuous development and worklife balance. • To align employees with the Bank's vision, mission, and strategic goals.	• Employee engagement surveys • Recognition and awards programs • Regular meetings • Microsoft Viva Engage (staff social Platform) • HR Helpdesk • Secure channels for suggestions and feedback • Whistleblowing portal
Shareholders	To provide regular updates on the Bank's performance, ensuring transparent communication of financial results and strategic initiatives.	Annual General Assembly, Board of Directors' meetings, and annual, semiannual, and quarterly reports.
Regulators	To ensure strict adherence to all applicable rules and regulations while proactively mitigating any risks of non-compliance that could result in penalties.	Formal letters and emails, scheduled meetings and onsite visits, and regular reporting submissions.
Suppliers	To confirm that all goods and services are ethically sourced and consistently meet the Bank's quality standards.	Vendor Management Portal, competitive bidding processes, and tenders.
Communities	To invest in local community development and manage the social impacts of our business operations responsibly	Corporate Social Responsibility (CSR) projects, the Contact Centre, and the Whistleblowing Portal for community feedback.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

The Board of Alternative Bank Limited ("the Bank or the Company") is pleased to present its Corporate Governance Report for the Financial Year 2024. The Bank ensures compliance with the relevant provisions of the Financial Reporting Council of Nigeria (FRCN) Code of Corporate Governance, the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Commercial, Merchant, Non-Interest, and Payment Service Banks in Nigeria as well as the Bank's Corporate Governance Policy. The Board ensures that the Bank's Corporate Governance Policy and structure are reviewed regularly to align with changes in the industry and extant regulations.

The Board

The Board of Directors is responsible for determining the overall strategy for the Bank, assessing the Bank's risk appetite, and establishing rules for decision-making, financial reporting and financing, and reporting.

Below is the composition of the Board, their dates of appointment and cumulative years on the Board:

S/N	Name	Designation	Date of Appointment	Cumulative years of service
1.	Mr. Muhtar Bakare	Chairman	26th June 2023	1 year, 6 months, 5 days
2.	Hajiya Umma Dutse	Independent Director	26th June 2023	1 year, 6 months, 5 days
3.	Mr. Abdulmumin Ali	Independent Director	24th September 2024	3 months, 7 days
4.	Mr. Yemi Odubiyi	Non-Executive Director	26th June 2023	1 year, 6 months, 5 days
5.	Mrs. Morenikeji Folawiyo	Non-Executive Director	26th June 2023	1 year, 6 months, 5 days
6.	Mr. Emmanuel Onasanya	Non-Executive Director	26th June 2023	1 year, 6 months, 5 days
7.	Mrs. Temitayo Adegoke	Non-Executive Director	16th January 2024	11 months, 15 days
8.	Mr. Hassan Yusuf	Managing Director / CEO	26th June 2023	1 year, 6 months, 5 days
9.	Mr. Garba Mohammed	Executive Director	26th June 2023	1 year, 6 months, 5 days
10.	Mrs. Korede Demola-Adeniyi	Executive Director	8th February 2024	10 months, 23 days

Directors' Appointments, Retirements and Re-Elections

Director appointments, retirements, and re-elections are carried out in accordance with the provisions set out in the Company's Memorandum and Articles of Association, the Board Charter, the Companies and Allied Matters Act 2020, the CBN Corporate Governance Guidelines for Commercial, merchant, non-interest and payment service banks in Nigeria, the SEC Corporate Governance Guidelines and other relevant regulations.

The Board Charter sets out the criteria for Board appointments, ensuring the selection of individuals with the necessary experience, expertise, and integrity. Candidates are assessed based on objective criteria including character, integrity, independent judgment, skills, experience, diversity in thinking, gender, age, and other relevant factors.

In line with our commitment to strong corporate governance, the Board of Directors ensures that all directors undergo an evaluation process to determine their eligibility for re-election. The re-election process considers both performance and attendance at meetings in line with the Company's governance framework.

In line with the provisions of the Companies and Allied Matters Act 2020, all directors of the Bank retired by rotation from office at the 1st Annual General Meeting of the Company. The retiring Directors, being eligible, offered themselves for re-election and were duly reappointed by the Shareholders.

During the 2024 Financial Year, 3 (three) Directors were appointed to the Board – Mrs. Temitayo Adegoke (Non-Executive Director) was appointed effective 16th January 2024, Mrs. Korede Demola-Adeniyi (Executive Director) was appointed effective 8th February 2024 and Mr. Abdulmumin Ali (Independent Director) was appointed effective 24th September 2024.

Board Composition

The Board is made up of the Chairman, Non-Executive Directors, Executive Directors and Independent Non-Executive Directors (Independent Directors) who ensure corporate governance practices and standards are maintained in the Bank. The Board members and details of their respective attendance at Board meetings are as follows:

S/N	Name	Designation	Attendance	No. of Meetings
1.	Mr. Muhtar Bakare	Chairman	5	5
2.	Hajiya Umma Dutse	Independent Director	5	5
3.	Mr. Abdulmumin Ali*	Independent Director	2	2
4.	Mr. Yemi Odubiyi	Non-Executive Director	5	5

5.	Mrs. Morenikeji Folawiyo	Non-Executive Director	5	5
6.	Mr. Emmanuel Onasanya	Non-Executive Director	5	5
7.	Mrs. Temitayo Adegoke	Non-Executive Director	5	5
8.	Mr. Hassan Yusuf	Managing Director / CEO	5	5
9.	Mr. Garba Mohammed	Executive Director	5	5
10.	Mrs. Korede Demola-Adeniyi	Executive Director	5	5

*Appointed effective 24 September 2024

Gender Diversity

The Bank remains committed to fostering an inclusive and diverse leadership structure. The Bank recognises the value of varied perspectives and supports the advancement of gender diversity across the Board.

In 2024, the Board appointed 2 (two) female Directors whose appointments reflect not only the Company's commitment to improving gender representation, but also the importance of selecting individuals with the expertise, experience, and strategic insight required to support the Company's long-term goals.

As of year-end 2024, the male-to-female ratio across the Bank's total workforce stood at 64:36, while the ratio within executive management was 71:29. At the Board level, female representation was maintained at a ratio of 6:4, in line with the Central Bank of Nigeria's guidance on gender diversity and inclusive governance practices.

Board Committees

The Board carries out its oversight functions through its various committees, which have clearly defined terms of reference and charters. The Board has 4 (four) standing committees, namely: Board Finance and Investment Committee, Board Audit Committee, Board Risk Management Committee, and Board Governance, Nomination and Remuneration Committee. By industry and global best practices, the Chairman of the Board is not a member of any of the Committees or an attendee at any Committee meeting. The composition and responsibilities of the Committees are set out below:

Board Finance and Investment Committee

The Committee acts on behalf of the Board on investment matters and reports to the Board for approval/ratification.

Terms of reference

- Determine the policies and strategies relating to capital management of the Company, and oversee and monitor the implementation of these policies, strategies and financial objectives to maximize overall shareholder value;
- Ensure finance and investment decisions are aligned with corporate objectives and strategy;
- Ensure adequate budget and planning processes exist, and performance is measured against the annual budget;
- Recommend dividend and tax policies to the Board for approval;
- Conduct quarterly business reviews with management to assess financial and investment performance;
- Review the adequacy of financial systems, operations and internal controls;
- Approve capital and major operating expenditure and investment limits recommended by management;
- Ensure that reporting on issues related to investment and finance are comprehensive for proper deliberation and decision-making;
- Ensure investment strategies, policies and guidelines are in compliance with Shariah principles and practices and all applicable regulations;
- Consider and approve proposals for significant acquisitions, mergers, takeovers, divestments of operating companies, equity investment and new strategic alliances by the Company or its subsidiaries subject to the final approval of the Board;
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency and make appropriate recommendations to the Board;
- Review and report to the Board on the Company's financial projections, capital and operating budgets, and actual financial results against targets and projections;
- Review and recommend to the Board all new business initiatives, especially those requiring a significant capital outlay above management limit;
- Determine an optimal investment mix consistent with the risk profile agreed upon by the Board; and
- Carry out such other functions relating to finance and investment strategy as the Board may from time to time determine.

The members of the Board Finance and Investment Committee and their respective attendance at meetings in the period under review are as follows:

S/N	Name	Designation	Attendance	No. of Meetings
1.	Mr. Emmanuel Onasanya	Chairman	4	4
2.	Mrs. Morenikeji Folawiyo	Member	4	4
3.	Mrs. Temitayo Adegoke	Member	4	4
4.	Hajiya Umma Dutse*	Member	3	3
5.	Mr. Abdulmumin Ali**	Member	1	1
6.	Mr. Yemi Odubiyi	Member	4	4
7.	Mr. Hassan Yusuf	Member	4	4
8.	Mr. Garba Mohammed	Member	4	4
9.	Mrs. Korede Demola- Adeniyi	Member	4	4

*Appointed to the Committee on 15th February 2024
**Appointed to the Committee on 7th October 2024

Board Risk Management Committee

The Committee is responsible for evaluating and handling matters relating to risk management in the Bank.

Terms of reference

- Ensure that there are standards, policies and processes in place to identify and measure all material risks and respond appropriately;
- Re-evaluate all risk management policies periodically to accommodate major changes in internal or external factors and ensure that changes are in line with the Company's risk profile and appetite;
- Review executive management reports detailing the adequacy and overall effectiveness of the Company's risk and capital management documents -including policies, procedures and processes for the identification, measurement, monitoring and control of risk management;
- Ensure that Management implements specific limits or tolerance levels that are aligned with overall risk appetite levels as set by the Board;
- Make recommendations to the Board concerning the levels of risk capacity and tolerance and ensure that they are managed within these parameters;
- Ensure that the Company's risk management policies and practices are disclosed in the annual report;
- Review the Company's activities related to the Code of Conduct and Ethics;
- Review the adequacy and effectiveness of compliance programmes;
- Review the compliance processes in place and ensure that any changes to legal and regulatory requirements are identified and reflected in the Company's processes;

- Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses; and
- Provide the Board such assurances as it may reasonably require regarding compliance by the Company.

The members of the Board Risk Management Committee and attendance at meetings in the period under review are as follows:

S/N	Name	Designation	Attendance	No. of Meetings
1.	Mrs. Morenikeji Folawiyo	Chairperson	4	4
2.	Mrs. Temitayo Adegoke	Member	4	4
3.	Hajiya Umma Dutse	Member	4	4
4.	Mr. Emmanuel Onasanya	Member	4	4
5.	Mr. Yemi Odubiyi	Member	4	4
6.	Mr. Hassan Yusuf	Member	4	4
7.	Mr. Garba Mohammed	Member	4	4
8.	Mrs. Korede Demola-Adeniyi	Member	4	4

Board Audit Committee

The Committee acts on behalf of the Board of Directors on financial reporting, internal control, and audit matters. Decisions and actions of the Committee are presented to the Board for approval/ratification.

Terms of reference

- Oversee the assessment of the qualification, independence and performance of the Internal Audit function;
- Review significant findings and recommendations by Internal Audit and Management responses thereof;
- Review implementation of Internal Audit recommendations by Management;
- Ensure that the operations of the Internal Audit function comply with acceptable International Standards for the Professional Practice of Internal Auditing;
- Ensure management develops a comprehensive internal control framework and oversees its effectiveness;
- Ensure there are effective controls in place to minimize operational risks and optimize value;
- Oversee the process for identifying risks across the Company and ensure that
- Management puts in place adequate mechanisms to prevent, detect and report risks;
- Ensure that adequate whistle-blowing procedures are in place;
- Review the proposed audit plan(s) and review the results of internal audits completed since the previous Committee meeting as well as the focus of upcoming internal audit projects;

- Ensure the development of a comprehensive internal control framework for the Company, and that the financial report contains an assurance of the operating effectiveness of the Company's internal control framework;
- Review the results of the annual audit report and discuss the annual financial statements with external auditors and Management;
- Review the auditors' management control letter presented by the external auditors and ensure the adequacy of Management's response;
- Review with the Chief Financial Officer annually, the significant financial reporting issues and practices of the Company and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process;
- Meet separately, and at least quarterly, with the Chief Financial Officer, the Chief Internal Auditor and relevant Senior Management staff to discuss the adequacy and effectiveness of accounting and financial controls of the Company;
- Discuss the Company's policy regarding press releases as well as financial information provided to analysts and rating agencies;
- Require Management to present and discuss, as soon as practicable, all reports received from key regulators and agencies (e.g. CBN, NDIC, Rating Agencies etc.) which may have a material effect on the financial statements or related Company compliance policies;
- Annually assess and confirm the independence and competence of the external auditors, the report of this assessment should be submitted to the Board;
- Ensure that the tenure of an appointed External Auditor shall be for the maximum period of ten (10) years as mandated by the CBN and Nigerian Code of Corporate Governance;
- Review legal and regulatory matters, contingent liabilities or other sensitive information that may have a material effect on the Company's financial statements, systems of internal control, or regulatory compliance; and
- Maintain a mechanism for receiving complaints regarding the Company's accounting and operating procedures.

The members of the Board Audit Committee and their respective attendance at meetings in the period under review are as follows:

S/N	Name	Designation	Attendance	No. of Meetings
1	Hajiya Umma Dutse	Chairperson	5	5
2	Mrs. Temitayo Adegoke	Member	5	5
3	Mr. Emmanuel Onasanya	Member	5	5
4	Mr. Yemi Odubiyi	Member	5	5
5	Mr. Abdulmumin Ali*	Member	2	2

* Appointed to the Committee effective 7th October 2024

Board Governance, Nomination and Remuneration Committee

The Committee acts on behalf of the Board on all matters relating to the workforce.

Terms of reference

- Review the size and composition of the Board taking into consideration the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgment and diversity required to discharge the Board's duties;
- Make recommendations on the experience and training required for Board Committee membership, operating structure, and other operational matters;
- Establish the criteria and execute the process, upon Board approval, for appointing and re-appointing new and existing Directors respectively, and the removal of nonperforming Directors;
- Develop and maintain an appropriate corporate governance framework for the Company and make recommendations to the Board on transparent and sound corporate governance principles;
- Develop job specifications and Key Performance Indicators (KPIs), which shall be approved by the Board for the role of the Chairman and the Non-Executive Directors.
- Ensure the Board carries out annual performance reviews of itself and of its Committees in accordance with applicable laws, regulations, policies and codes. The result of the exercise shall be reviewed by this Committee which shall also ensure that the recommendations following the evaluation report are implemented;
- Ensure that there is a proper induction and ongoing learning programme for the Board and Board Committee members;
- Provide adequate oversight in reviewing and updating the Board learning programmes to ensure continuous improvement of the Board members' performance;
- Ensure that a proper succession policy and plan exists for Board members and members of its subsidiaries;
- Ensure that the Company's Profit-Sharing Investment Account Holders' (PSIAHs') funds are invested and managed in their best interest;
- Develop, review and recommend the remuneration policy to the Board for approval.

- Review and recommend to the full Board, compensation for the Chief Executive Officer and senior management staff. The Committee shall ensure its recommendations are in accordance with the Company's remuneration policy, the provisions of the CBN Code of Corporate Governance and all applicable laws and regulations;
- Ensure that salary scales are set within the general Company's business policy;
- Make recommendations to the Board, reinforcing sound corporate governance principles, on the incentive structure of the Company including executive compensation and bonuses;
- Provide input to the annual report of the Company on Directors' compensation, aligning with the provisions of the CBN and Nigerian Code of Corporate Governance;
- Conduct periodic peer reviews of compensation and remuneration levels to ensure the Company remains competitive; and
- Undertake other reviews as the Committee deems necessary in order to fulfil its responsibilities as may be requested by the Board.

The members of the Board Governance, Nomination and Remuneration Committee and their respective attendance at meetings during the period under review are as follows:

S/N	Name	Designation	Attendance	No. of Meetings
1	Hajiya Umma Dutse	Chairperson	4	4
2	Mr. Emmanuel Onasanya	Member	4	4
3	Mrs. Morenikeji Folawiyo	Member	4	4
4	Mr. Yemi Odubiyi	Member	4	4
5	Mrs. Temitayo Adegoke	Member	4	4
6	Mr. Abdulmumin Ali*	Member	0	0

*Appointed to the Board Committee on 7th October 2024

Dates of Board and Board Committee meetings held in the 2024 financial year:

Meetings	Dates				
Board	26 February 2024	14 May 2024	8 August 2024	23 November 2024	19 December 2024
Board Finance and Investment Committee	18 January 2024	15 April 2024	10 July 2024	9 October 2024	
Board Audit Committee	19 February 2024	22 April 2024	22 July 2024	21 October 2024	19 December 2024
Board Risk Management Committee	17 January 2024	8 April 2024	9 July 2024	8 October 2024	
Board Governance, Nomination and Remuneration Committee	16 January 2024	4 April 2024	8 July 2024	7 October 2024	

Directors Induction and Training

In recognition of the increasing complexity of the operating environment and the demanding nature of Board roles, the Company is committed to the continuous development of its directors. To ensure that Directors remain effective and well-equipped to make informed decisions, the Board approves an annual training calendar for Directors, providing regular training, both locally and internationally.

These training programs are designed to enhance the decision-making capabilities of our directors, enabling them to stay current with evolving industry trends, regulatory requirements, and best practices. Additionally, all new directors undergo a comprehensive induction program, which ensures they are well-acquainted with the Company's operations, governance framework, strategic objectives and their fiduciary responsibilities. The induction programme for new directors is conducted within 3 (three) months of their appointment.

During the 2024 financial year, the Company ensured that members of the Board were equipped with relevant knowledge and skills through targeted training programmes which covered key areas of governance, strategic leadership, and industry trends. A structured training plan was duly approved by the Board, reinforcing the Company's dedication to Board effectiveness, compliance with ethical standards, and continuous professional development.
During the year under review, induction programmes were conducted on 4th April 2024 for Mrs. Temitayo Adegoke and Mrs. Korede Demola-Adeniyi and 15th October 2024 for Mr. Abdulmumin Ali.

Board Evaluation process

The Board is committed to maintaining the highest standards of corporate governance in line with established Codes of Corporate Governance and best practices. In line with this commitment, the Board has engaged Ernst & Young, an independent consultant, to conduct the annual appraisal of the Board and its directors. This appraisal evaluates the Board composition and structure, directors' qualifications, effectiveness of the Board, and corporate governance practices, identifies areas for improvement and ensures alignment with global best practices. As of 31 December 2024, the cumulative duration of professional engagement of the consultants in respect of the Board evaluation assignment stood at one year and one month.

The Board Evaluation Report is contained on page 97 of this Annual Report and will be presented to shareholders at the Company's Annual General Meeting.

Statement on the Company's Level of Application of the Corporate Governance Code

The Board affirms its unwavering commitment to upholding the principles and provisions in accordance with applicable Codes of Corporate Governance and global best practices.

Following the most recent corporate governance evaluation, the Board is pleased to report that the Company has substantially applied the requirements of the Code. The evaluation, which was conducted by an independent external consultant, assessed the Company's governance structures, practices, and processes, and confirmed alignment with the key principles of accountability, transparency, ethical leadership, and stakeholder engagement.

Where minor gaps were identified, the Board has taken steps to address them through targeted action plans aimed at continuous improvement.

The Company remains committed to maintaining and enhancing its corporate governance framework in line with evolving best practices and regulatory expectations.

External Auditors

In line with its unwavering commitment to the highest standards of corporate governance, and in accordance with applicable Codes of Corporate Governance and global best practices, the Board engaged Deloitte and Touche as the Bank's external auditors to conduct an independent audit of the Bank's operations. As of 31 December 2024, the cumulative duration of Deloitte and Touche's engagement stood at one year, five months, and eighteen days.

Material Transactions approved by the Board under the Bank's internal guidelines

The Board is responsible for overseeing the overall direction and governance of the Company. To ensure effective decision-making, certain key matters are reserved exclusively for Board consideration and approval. These matters include, but are not limited to:

i. Strategic Direction: Approval of the Company's strategic objectives and major business initiatives.
ii. Financial Matters: Approval of the Company's annual budget, financial statements, capital expenditure, and significant investments or divestments.
iii. Corporate Governance: Adoption of the Company's corporate governance framework, policies, and procedures, including compliance with regulatory requirements.
iv. Executive Appointments: Appointment and termination of executive directors and senior management, as well as approval of their compensation.
v. Risk Management: Oversight of the Company's risk management policies and significant risk exposures.
vi. Dividends and Capital Returns: Approval of dividend declarations and the return of capital to shareholders.
vii. Mergers and Acquisitions: Approval of significant mergers, acquisitions, or joint ventures.
viii. Major Legal Matters: Decisions involving material litigation, regulatory matters, or other significant legal issues.

The Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Memorandum and Articles of Association together with other relevant rules and regulations, are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes to enhance long-term shareholder value.

The Company Secretary assists the Chairman in ensuring good information flow within the Board and its Committees, and between Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of new Directors and coordinates the professional development of Directors.

The Company Secretary is responsible for designing and implementing a framework for the Bank's regulatory compliance, including advising the Board and Management on prompt disclosure of material information.

The Company Secretary attends and prepares the minutes for all Board meetings. As Secretary for all Board Committees, she assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary also assists in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary are subject to the Board's approval.

Shariah Governance Mechanism

The Shariah Governance Framework at Alternative Bank Limited is overseen from a Shariah perspective by the Advisory Committee of Experts (ACE). The appointment of ACE members is endorsed by the Board of Directors and approved by the Central Bank of Nigeria (CBN). Comprising esteemed and highly qualified Shariah scholars, the ACE is responsible for reviewing and ensuring that all Islamic banking products, services and operations at Alternative Bank Limited strictly adhere to Shariah principles.

The ACE operates in accordance with the resolutions, standards and guidelines issued by the Financial Regulation Advisory Council of Experts (FRACE) at the CBN. Its decisions are guided by Shariah principles and the Shariah Standards established by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI). This ensures that the Bank's practices align with globally recognized Islamic finance standards.

The Bank has implemented the Shariah Governance Guidelines issued by the CBN as part of its Corporate Governance Framework for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria. Under this framework, a clear segregation of roles is maintained between business operations, Shariah compliance and Shariah audit, creating a robust three lines-of-defence mechanism.

To achieve this, the Bank has established two dedicated departments: the Internal Shariah Compliance Department and the Internal Shariah Audit Department. Both departments consult closely with and report indirectly to the Shariah Board (ACE), ensuring independence and preventing conflicts of interest. This structure provides the necessary checks and balances, guaranteeing that all Islamic banking activities comply with relevant Shariah guidelines and regulations.

Through this comprehensive Shariah governance mechanism, the Bank ensures transparency, accountability and strict adherence to Shariah principles in all its operations. This framework not only strengthens stakeholder confidence but also reinforces the Bank's commitment to delivering ethical and Shariah-compliant financial solutions.

Statement on Compliance with Internal Shariah Review Mechanism

At Alternative Bank Limited, ensuring Shariah compliance across all our products and services is a cornerstone of our operations. To uphold this commitment, the Bank has implemented a robust Shariah governance framework, guided by the Advisory Committee of Experts (ACE), a distinguished panel of Shariah scholars renowned for their expertise in Islamic jurisprudence.

Since its inception, the Bank has established dedicated departments, the Shariah Compliance Department and the Internal Shariah Audit Department, to ensure the highest standards of Shariah compliance are maintained across all aspects of its operations. These departments play a pivotal role in safeguarding the integrity of the Bank's products, services and processes in accordance with Shariah principles.

Additionally, the Internal Shariah Audit function conducts independent assessments of the quality and effectiveness of the Bank's internal controls, risk management systems and governance processes. It evaluates the overall compliance of the Bank's operations with the principles of non-interest banking. The findings and recommendations from these reviews and audits are reported to the ACE for guidance and to the Bank's management for implementation.

By adhering to stringent Shariah review mechanisms and fostering a culture of continuous improvement, the Bank remains steadfast in its mission to provide Shariah-compliant financial solutions.

Through the expertise of the ACE and the diligence of the Shariah departments, the Bank is proud to uphold the highest standards of Shariah compliance, delivering ethical and innovative banking solutions to valued customers.

Composition of the ACE and the number of meetings attended by each member

The composition of the ACE is as follows:

No	Name	Role
1.	Shaykh AbdulKader Thomas	Chairman
2.	Hon. Justice AbdurRaheem Ahmad Sayi	Member
3.	Shaykh Abubakar Muhammad Musa	Member

The table below sets out the dates of the ACE meetings and attendance details during the period under review:

No	Date of Meeting	Present	Absent
1	28th March 2024	3	None
2	20th June 2024	3	None
3	7th August 2024	3	None
4	19th December 2024	3	None

ACE Certification of Compliance with Principles of Islamic Finance

The ACE Certification of Compliance with Principles of Islamic Finance signifies that the Advisory Committee of Experts (ACE), an independent body composed of esteemed Shariah scholars, has conducted a thorough and rigorous review of the Bank's operations.

This process ensures that the Bank strictly adheres to Shariah principles across all aspects of its activities, maintaining the highest standards of ethical and Islamic financial practices. The certification process entails a meticulous evaluation by the ACE, which includes:

1. Reviewing and endorsing Policies and Guidelines: The ACE examines the Bank's policies and guidelines related to Islamic finance to ensure they are fully aligned with Shariah principles.
2. Validating new products and services: All documentation for new products and services is scrutinized to confirm compliance with Islamic commercial jurisprudence.
3. Assessing Internal Shariah Audit reports: The ACE conducts a comprehensive review of the Bank's internal Shariah audit reports to verify that its operations and practices adhere to Shariah principles and guidelines.

Upon successful completion of this rigorous review process, the ACE certifies that all products and services offered by the Bank are fully compliant with Shariah principles. This certification serves as a testament to the Bank's commitment to operating in accordance with Islamic finance principles and providing stakeholders with confidence and assurance.

The ACE's certification is further strengthened by the guidance of knowledgeable scholars within the Financial Regulatory Advisory Council of Experts (FRACE), ensuring that the Bank's practices are not only compliant but also aligned with the evolving standards of Islamic finance. This certification underscores the Bank's dedication to transparency, ethical practices, and the principles of Shariah-compliant banking.

MANAGEMENT COMMITTEES

1. **Management Committee (ManCo)**

The Committee provides leadership to the management team and ensures the implementation of strategies approved by the Board. It deliberates and makes decisions on the effective and efficient management of the Bank.

2. **Assets and Liability Committee (ALCO)**

The Committee ensures adequate liquidity and the management of interest rate risks within acceptable parameters. It also reviews the economic outlook and its impact on the Bank's strategies.

3. **Management Investment Committee (MIC)**

The Committee approves new investment and finance products and initiatives, minimum/prime lending rate and reviews the Credit Policy Guide. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

4. **Criticized Assets Committee (CAC)**

The Committee reviews the Bank’s credit portfolio and collateral documentation. It reviews the non-performing exposures and recommends recovery strategies for delinquent loans.

5. **Management Risk Committee (MRC)**

The Committee is responsible for planning, management and control of the Bank's overall risks. It sets the Bank's risk philosophy, risk appetite, risk limits and risk policies.

Succession Planning

The Bank’s Succession Planning is aligned to the Bank’s overall organizational development strategy.

Successors are nominated based on experience, skills, and competencies through an automated process by current role holders in conjunction with the Human Capital Management Group. Development initiatives have also been put in place to accelerate successors’ readiness.

Code of Ethics

The Bank has a Code of Professional Conduct and Ethics that specifies the minimum acceptable behaviour of its Directors, management and other staff. It is a requirement that all staff should sign a confirmation that they have read and understood the document upon employment. In addition, staff are required to attest to the Code annually.

The Bank also has a Sanctions Manual which prescribes appropriate sanctions for various offences and violations listed therein. The Group Head, Human Capital Management, is responsible for the implementation and compliance with the Code of Ethics.

Clawback Policy

The Company has implemented a Claw Back Policy, designed to protect its interests by ensuring that compensation paid to executives is aligned with the long-term performance and integrity of the Company. The Policy provides for the recovery of incentive -based compensation in the following instances:

i. Where the Executive Director was involved in any misdemeanour;
ii. In the event of fraud or material wrongdoing which would have entitled the Board to terminate the Executive Director's employment;
iii. If the Executive Director participated in or was responsible for conduct which resulted in significant losses to the Company; and
iv. If there was material error in assessing the performance of the Executive Director against the relevant performance conditions at the time that the bonus was paid.

The claw back provision applies to any incentive-based compensation, bonuses, profit sharing, or performance-based rewards paid, awarded, received, or earned in the current period and for up to two years thereafter.

Currently, no clawback cases are being pursued by the Company.

Whistle Blowing Process

The Bank is committed to the highest standards of openness, probity and accountability; hence the need for an effective and efficient whistle-blowing process which is a key element of good corporate governance and risk management.

Whistle blowing process is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedures, and unethical activities by any stakeholder (including staff and suppliers) are reported for necessary action. It ensures a high degree of integrity and transparency to achieve efficiency and effectiveness in the Bank's operations.

The reputation of the Bank is of utmost importance, and every staff of the Bank has a responsibility to protect the Bank from any persons or acts that might jeopardize its reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistleblower's identity and rights. It should be noted that the aim of the Whistleblowing process is to ensure efficient service to the customer, good corporate image and business continuity in an atmosphere compliant with best industry practices.

The Bank has a dedicated whistle-blowing channel and an externally managed channel, overseen by Messrs. KPMG. The channels are accessible via the Bank's website, telephone

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

i.	**Muhtar Bakare**	Chairman
ii.	**Umma Dutse**	Independent Non-Executive Director
iii.	**Emmanuel Onasanya**	Non-Executive Director
iv.	**Morenikeji Folawiyo**	Non-Executive Director
v.	**Yemi Odubiyi**	Non-Executive Director
vi.	**Temitayo Adegoke**	Non-Executive Director
vii.	**Abdulmumin Ali**	Independent Non-Executive Director
viii.	**Hassan Yusuf**	Managing Director/CEO
ix.	**Garba Mohammed**	Executive Director
x.	**Korede Demola-Adeniyi**	Executive Director

REGISTERED OFFICE:
22 Marina, Lagos

REGISTRATION NUMBER:
1909410

AUDITORS:
Deloitte & Touche, Nigeria
Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos

CONSULTANTS:
Ernst and Young
UBA House, 10th Floor,
57, Marina, Lagos

DIRECTORS' PROFILE

1. **Muhtar Bakare (Chairman)**Mr. Muhtar Bakare has over 30 years of experience in business leadership in diverse industries such as financial services, publishing, technology, real estate, procurement services, renewable energy and educational services.

He started his career at Nigeria International Bank (Citibank) as a Management Associate and rose to the level of Assistant General Manager. He left Citibank to join Trust Bank of Africa as an Executive Director leading the Sales and Marketing Groups and helped to attract new talent and fresh capital while providing strategic leadership that put the Bank on a path to transformation.

Muhtar pivoted into the media industry and founded Kachifo Limited, an independent publishing company, and its flagship imprint Farafina. He is the Chairman of Kachifo Ltd, Koidi Radio Ltd, Beyond Energy Resources Ltd, Noor Takaful Insurance Company, and Alternative Bank Limited. He also sits on the boards of Descasio Ltd, Purple Real Estate Income Plc, Greensprings Educational Services Ltd, and Rainbow Educational Services Ltd.

Mr. Bakare holds a B.Sc. and an M.Sc. in Architecture from Obafemi Awolowo University. He also completed the Senior Executive Program for Africa (SEPA) at Harvard Business School and Wits Business School.

2. **Umma Dutse (Independent Non-Executive Director) -** Hajiya Umma Dutse is an expert in conduct regulation and a professional people manager with over 30 years of experience in Banking and Financial Services regulation.

She began her career as a Supervisor at First Bank of Nigeria before joining the CBN as a Senior Supervisor. She subsequently served as a Director, Human Resources Department, Central Bank of Nigeria (CBN).

Hajiya Dutse also served as the Director in the Consumer Protection Department, where she led the development of robust strategies and structures towards regulating the conduct of financial service providers and improving consumer confidence in the financial system. She has served on several committees in the CBN and in the banking industry and represented the CBN on the boards of the Federal Mortgage

Bank of Nigeria (FMBN) and the Nigeria Social Insurance Trust Fund (NSITF),

Hajiya Dutse is an alumnus of the prestigious Bayero University Kano where she holds a B.Sc. (Honors) in Economics, and an MBA. She completed the Executive Program in Public Policy at Harvard Kennedy School, USA. She is a member of several professional bodies including the International Network for Financial Education (INFE) at the OECD in Paris, France.

3. **Emmanuel Onasanya (Non-Executive Director) -** Mr. Emmanuel Onasanya is an experienced finance executive with robust experience in budget planning, management accounting, and fiscal policy garnered over 30 years in Oil & Gas and Banking industries.

He is currently the Chairman of Magnet Microfinance Bank Ltd. Prior to that, he was Senior Manager Finance & Tax at Addax Petroleum Development Ltd.

Mr. Onasanya holds a BA in Business Management from Texas Tech University and an MBA in Finance and Economics from the University of Texas (San Antonio).

4. **Morenikeji Folawiyo (Non-Executive Director) -** Mrs. Morenikeji Folawiyo has over 30 years of experience spanning Commercial Law, Fashion, Art, Interior Design and Lifestyle Management.

She practiced commercial law before pursuing her passion for creative expression. She is an entrepreneur and founder of Alara, home to some of the world's leading luxury brands.

Prior to founding Alara, she expressed her bias for art, fashion and lifestyle by bringing makers, artists and fashion designers together, and started a studio that went on to expand into a wood and leather working company that produced both artisanal and commercial products.

Mrs. Folawiyo sits on the Boards of Riverside Properties, Sparkle Microfinance Bank and RFH Limited, a leading interior design company, known for its unique products from collaborations with artisans and excellent finishing. She is also an inspirational/motivational speaker.

She holds an LL.B from Warwick University and a BL from the Nigerian Law School.

5. **Yemi Odubiyi (Non-Executive Director) -** Mr. Yemi Odubiyi is the Group Managing Director, Sterling Financial Holdings Company Plc. Prior to this appointment, he was the Executive Director, Corporate and Investment Banking at Sterling Bank Limited.

He was part of the turnaround team of the then Trust Bank of Africa as Head of Operations & Technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Mr. Odubiyi served as the pioneer Group Head, Trade Services. Prior to joining Sterling Bank, he worked at Citi Bank, Nigeria as an Operations & Technology generalist serving across all its Operations and Technology functions.

He holds a bachelor's degree in Estate Management and a Master's in International Law from the University of Lagos. He has undertaken senior management/executive education programs in Risk Management, Finance, and General Management at leading international educational institutions including the London and Harvard Business Schools.

6. **Temitayo Adegoke (Non-Executive Director)** - Mrs. Temitayo Adegoke is the Chief Operating Officer at Sterling Bank Ltd, with responsibility for shaping strategy and driving operational excellence. She possesses over 20 years' experience in banking and commercial law practice.

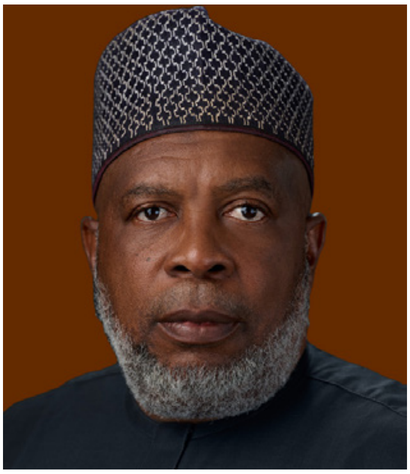
In her current role she oversees the Operations, Processing Units, Facility Management and Administration and Legal Services within Sterling Bank.

Prior to her appointment as the COO, she served in various capacities within Sterling Bank and Sterling Financial Holdings Company Plc.

She brings to the Board expertise in operatorship and execution, business advisory, risk management, financial regulatory compliance and corporate governance.

Temitayo has a Bachelor's degree in Law from the University of Lagos, a Master's degree in Law from Kings College, University of London, and an MBA degree from the University of Warwick, UK. She is an alumnus of Sa'id Business School, University of Oxford.

She is a member of the Chartered Institute of Bankers of Nigeria (HCIB), a member of the International Bar Association, and the Chartered Institute of Arbitrators UK (Nigeria Branch).



7. **Abdulmumin Ali (Independent Non-Executive Director**) - Mr. Abdulmumin Ali is a Chartered Accountant and Chartered Tax Practitioner with over 30 years of experience in the banking industry. He began his career as an Operations Assistant at Nigerian International Bank (Citibank), before joining the Nigerian Deposit Insurance Corporation as a Bank Examiner. He later joined Standard Trust Bank (UBA Plc) and rose to the rank of Regional Director before joining First City Monument Bank as the Zonal Head, North-West. He is currently the Managing Director of QL Resources Limited, a company specializing in financial advisory services, compliance audit, and tax consulting.

He holds a B.Sc. in Accounting from the University of Port-Harcourt. He is a member of the Chartered Institute of Taxation of Nigeria and the Institute of Chartered Accountants of Nigeria. He has attended conferences from leading institutions including the Islamic Finance in a Changing World, Institute of Islamic Banking and Insurance (IIBI) Dubai, and International Islamic Finance Conference, Al Huda, Abu Dhabi.

8. **Hassan Yusuf (MD/CEO) -** Mr. Hassan Yusuf is a professional banker. He has held high-level positions in several companies, including Chief Executive Officer (CEO) at Dahabshil Bank International, CEO at HAY Consultancy, and CEO at International Bank of Somalia.

Mr. Yusuf has experience in fund management and has managed portfolios in excess of USD400 million.

Over the course of his professional career, Mr. Yusuf has recorded several notable achievements such as the introduction of new financial products in investments based on the Islamic Finance Contract model, development and implementation of new fund management for several companies responsible for Enterprise-Wide Risk Management, and the successful implementation of AML systems.

He has published several articles on areas such as Islamic Finance Development, Risk Management, and Shari'ah risk.

He holds a Bachelor of Commerce from Osmania University India, and an MSc in Economics from the International Islamic University Malaysia (IIUM) Malaysia.

9. **Garba Mohammed (Executive Director) -** Mr. Garba Mohammed is a results-driven executive with over 25 years of experience in sales, relationship management, and credit analysis across various banking sectors. He currently serves as an Executive Director of Alternative Bank Limited.

Before this appointment, he was the Group Head of Non-Interest Banking at Sterling Bank, where he developed the sales vision for the NIB window, created strategies for streamlined operational efficiencies, and directed product development efforts.

Mr. Mohammed has extensive experience in business development, process improvement strategies, risk management, and customer experience. He has held several high-level positions at First City Monument Bank in Nigeria.

He holds a First-Class Bachelor's degree in Pure Mathematics from the University of Maiduguri and is a Certified Islamic Finance Analyst (CIFA). Additionally, he has a postgraduate certification in the Mechanics of Islamic Banking Products and is an honorary senior member of the Chartered Institute of Bankers of Nigeria (CIBN).

10. **Korede Demola-Adeniyi (Executive Director**) - Mrs. Korede Demola-Adeniyi is a seasoned professional with over 30 years of experience in the Banking industry with a comprehensive blend of leadership and financial expertise.

Her proficiency spans across several portfolios including executive leadership, wealth management, and Treasury management. With a solid background in retail banking, she brings a holistic approach to financial management that is both strategic and results-driven.

Before joining the Alternative Bank Limited Mrs. Korede Demola-Adeniyi worked for several years in Ecobank Limited where she rose to the position of Head, Consumer Banking.

Korede has a Bachelor's degree in Economics from the University of Benin, and a Master's degree in Economics from the University of Lagos.

She has attended various leadership and management courses in leading business schools such as Harvard Business School, Yale School of Management, and Lagos Business School.

REPORT OF THE DIRECTORS

For the year ended 31 December 2024

The Directors present their report on the affairs of Alternative Bank Limited ("the Bank"), together with the audited Financial Statements for the year ended 31 December 2024.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

Alternative Bank Limited (the "Bank") is a non-interest financial institution in Nigeria. The Bank was granted a national banking license to carry on the business of non-interest banking and commenced operation in July 2023. It was incorporated on 23 March 2022 as a private liability company. Prior to its incorporation as a standalone entity, it operated as a business segment (Window) in Sterling Bank Ltd.

The Bank is engaged in commercial banking services with emphasis on non-interest retail, commercial and corporate banking. It also provides wholesale banking services including the financing of facilities, electronic banking products and other banking activities.

The Bank's Head office is at No 239/241 Ikorodu Road, Ilupeju, Lagos, Nigeria. The Bank's Financial performance as of 31 December 2024 represents the Bank's operations from 1 January 2024 to 31 December 2024, as a standalone entity after a successful carveout from hitherto Sterling Bank Plc where it operated as a Window.

Legal form

Alternative Bank Limited is registered under the laws of the Federal Republic of Nigeria with the Corporate Affairs Commission as a private liability company limited by shares with an authorized capital of N10,000,000,000.00 (Ten Billion Naira) divided into 20,000,000,000 shares of N0.50 each.

The Bank has 20 branches including 5 co-locations, 4 Wakeel Shops, 34 kiosks and 65 Altboxes as of 31 December 2024.

OPERATING RESULTS

Highlights of the Bank's operating results for the year ended 31 December 2024 are as follows:

	12 Months to	6 Months to
In thousands of Naira	31 Dec 2024	31 Dec 2023
Gross earnings	35,760,095	10,210,589

	12 Months to	6 Months to
In thousands of Naira	31 Dec 2024	31 Dec 2023
Gross earnings	35,760,095	10,210,589

Annual Reports and Financial Statements		
Profit before income tax	10,431,715	2,652,748
Income tax expense	(346,178)	(262,270)
Profit after income tax	10,078,088	2,390,478
Profit attributable to equity holders	10,078,088	2,390,478
Total non-performing facilities as % of gross facilities	4.14	4.77
Earnings per share (kobo) – Basic	50	24

Dividend

In accordance with the provisions of Section 426 of the Companies and Allied Matters Act 2020, the Directors have proposed an interim dividend of 22 kobo per share representing N4.4 billion (31 December 2023: Nil). The interim dividend was approved by the Central Bank of Nigeria along with the 9 month Audited Interim Financial Statements and have been paid accordingly.

Directors who served during the year:

The following Directors served during the year and as at the date of this report:

Name	Designation	Date appointed/retired
Mr.Muhtar Bakare	Chairman	Appointed 26 June 2023
Mrs. Morenikeji Folawiyo	Non-Executive Director	Appointed 26 June 2023
Mr. Yemi Odubiyi	Non-Executive Director	Appointed 26 June 2023
Mr. Emmanuel Onasanya	Non-Executive Director	Appointed 26 June 2023
Mrs. Temitayo Adegoke*	Non-Executive Director	Appointed 16 January 2024

Mr. Abdulmumin Ali**	Independent Non-Executive Director	Appointed 24 September 2024
Hajiya Umma Dutse	Independent Non-Executive Director	Appointed 26 June 2023
Mr. Hassan Yusuf	Managing Director/CEO	Appointed 26 June 2023
Mr. Garba Mohammed	Executive Director	Appointed 26 June 2023
Mrs. Korede Demola-Adeniyi***	Executive Director	Appointed 8 February 2024

*Appointed effective 16 January 2024
** Appointed effective 24 September 2024
***Appointed effective 8 February 2024

Going concern

The Directors assess the Bank's future performance and financial position on an ongoing basis and have no reason to believe that the Bank will not be a going concern in the next twelve months from the date of this report. For this reason, the financial statements has been prepared on a going-concern basis.

Directors' interests in shares

Interest of directors in the issued share capital of the Bank as recorded in the Register of members and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act of Nigeria were as follows:

		31-Dec24	31-Dec-24
	Names	**Direct**	**Indirect**
1	Mr.Muhtar Bakare	NIL	NIL
2	Mrs. Morenikeji Folawiyo	NIL	NIL
3	Mr. Yemi Odubiyi	NIL	NIL
4	Mr. Emmanuel Onasanya	NIL	NIL
5	Mrs. Temitayo Adegoke	NIL	NIL
6	Mr. Abdulmumin Ali	NIL	NIL
7	Hajiya Umma Dutse	NIL	NIL
8	Mr. Hassan Yusuf	NIL	NIL
9	Mr. Garba Mohammed	NIL	NIL
10	Mrs. Korede Demola-Adeniyi	NIL	NIL

Directors' interests in contracts

For the purpose of Section 303 of the Companies and Allied Matters Act, 2020, none of the current Directors had direct or indirect interest in contracts or proposed contracts with the Bank during the reporting period.

Directors' Remuneration

The Bank ensures that remuneration paid to its Directors comply with the provisions of the code of corporate governance issued by its regulators.

In compliance with Section 16.8 of the Nigerian Code of Corporate Governance, the Bank hereby disclose the remuneration paid to its Directors as follows

	Type of Package Fixed	Description	Timing
1	Basic Salary	Part of gross salary package for Executive Directors only, reflects the banking industry competitive salary package and the extentto which the Bank's objectives have been met for the financial year	Paid monthly during the financial year
2	Other Allowances	Part of gross salary package for Executive Directors only, reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid periodically during the financial year
3	Productivity Bonus	Paid to Executive Directors only and tied to performance of their line reports. It is also a function of the extent to which the Bank's objectives have been met for the financial year	Paid annually in arrears
4	Director Fees	Paid bi-annually to Non-Executive Directors only	Paid bi-annually
5	Sitting Allowances	Allowances paid to Non-Executive Directors only for attending Board and Board Committee meetings	Paid after each meeting.

Beneficial ownership

The Bank has 99.9% of its shareholding held by Sterling Financial Holdings Company Plc (SFHC), a financial institution incorporated under the laws of the Federal Republic of Nigeria.

Donations and Charitable Gifts

The Bank donated a total sum of N83.5 million during the year ended 31 December 2024 to various charitable organisations in Nigeria, details of which are shown below. No donation was made to any political organisation (31 December

2023: N45.9 million).

SN	Details of Donation	Purpose	Amount (N'000)
1	LEMU MARRIAGE SUMMIT 2024	CORPORATE SOCIAL RESPONSIBILTY	15,000
2	PRODUCTION OF 1M ARRIVAL AN AND DEPARTURE CARDS	CORPORATE SOCIAL RESPONSIBILTY	10,105
3	2024 ANNUAL PEACE AND UNITY CONVENTION	SPONSORSHIP	10,000
4	IKOYI GOLF CLUB NIG CUP 2024	SPONSORSHIP	9,531
5	17TH ANNUAL BANKING AND FINANCE CONFERENCE (CIBN)	SPONSORSHIP	8,000
6	CEO CONTRIBUTION TO FLOOD DISASTER	CORPORATE SOCIAL RESPONSIBILTY	5,000
7	CO-BRANDING OF BAG AND HALL AT NASFAT WOMEN CONFERENCE	SPONSORSHIP	5,000
8	INTER-GROUP GOLF TOURNAMENT AT IBB INTL GOLF CLUB	SPONSORSHIP	5,000
9	BEING ALTERNATIVE BANK LIMITED CONTRIBUTION TO THE CIBN	SPONSORSHIP	2,100
10	KABAFEST SPONSORSHIP 2024	SPONSORSHIP	2,000
11	LAGOS RICE COM LTD'S INAUGURAL EKO RICE DAY	SPONSORSHIP	2,000
12	BOOK LAUNCH SUPPORT TO SUSMAN FOUNDATION	SPONSORSHIP	1,500
13	BRANDING OF VENUE FOR THE MATAN VDI ROLL OUT EVENT	SPONSORSHIP	1,149
14	NIGER STATE PLANNING COMM TOWN HALL MEETING	SPONSORSHIP	1,000
15	NIGER STATE CONTRIBUTORY HEALTH AGENCY	SPONSORSHIP	1,000
16	EID GLITZ EVENT	SPONSORSHIP	1,000
17	NASFAT EID FEST 2024	SPONSORSHIP	1,000
18	LAFIA EMIRATE COUNCIL - FIVE(5) YEARS ANNIVERSARY	CORPORATE SOCIAL RESPONSIBILTY	1,000
19	MENTAL HEALTH CONFERENCE SPONSORSHIP	SPONSORSHIP	500
20	YOUTH COALITION FOR EDUCATION IN NIGERIA (YOCEN) LEADERSHIP CONFERENCE	SPONSORSHIP	500
21	ARABIC AI LEARNING PLATFORM. 100 LEARNING SLOTS	SPONSORSHIP	300
22	MENOPAUSALCOMMUNITY SUPPORT INITIATIVE	CORPORATE SOCIAL RESPONSIBILTY	250
23	PLASTIC CHAIR DOZEN DONOTED TO NYSC ALT BANK SOKOTO	CORPORATE SOCIAL RESPONSIBILTY	225
24	STALL PURCHASE AT SOUQ WORLD EID BAZAAR	SPONSORSHIP	200
25	BAYELSA AND EDO STATE MATAN PROJECT	SPONSORSHIP	93
	Total		**83,452**

Gender Analysis of Staff		
Analysis of staff employed by the Bank as at 31 December 2024		
Gender	**Number**	**% to Total Staff**
Male as at 31 December 2024	403	64.8%
Female as at 31 December 2024	219	35.2%
Total staff	**622**	**100.0%**

Analysis of top management positions and the entire staff by gender as at 31 December 2024:			
GRADE	**Executive Directors**	**Senior Mgt**	**Other staff**
	Number	Number	Number
Male	2	15	386
Female	1	5	213
TOTAL	**3**	**20**	**599**

Analysis of Executive and Non-Executive positions by gender as at 31 December 2024:

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	1	2
Managing Director	-	1	1
Non-Executive Director	3	4	7
TOTAL	4	6	10

	31-Dec-24	31-Dec-23	
Description	Unit	Unit	%
Issued Share Capital	20,000,000,000	20,000,000,000	100.00
Substantial Shareholdings (5% and above)			
STERLING FINANCIAL HOLDINGS COMPANY PLC	19,999,999,999	19,999,999,999	99.99
Total Substantial Shareholdings	19,999,999,999	19,999,999,999	99.99
Director's Shareholdings (Direct, and Indirect), excluding directors with substantial interests			
Names	DIRECT	INDIRECT	
Mr.Muhtar Bakare	NIL	NIL	
Mrs. Morenikeji Folawiyo	NIL	NIL	
Mr. Yemi Odubiyi	NIL	NIL	
Mr. Emmanuel Onansaya	NIL	NIL	
Mr. Abdulmumin Ali	NIL	NIL	
Mrs. Temitayo Adegoke	NIL	NIL	
Hajiya Umma Dutse	NIL	NIL	
Mr. Hassan Yusuf	NIL	NIL	
Mr. Garba Mohammed	NIL	NIL	
Mrs. Korede Demola- Adeniyi	NIL	NIL	

Total remuneration of Senior Management (Assistant General Managers, Deputy General Managers, General Managers and Directors) during the year ended 31 December 2024 amounted to N911.93m.

Acquisition of own shares

The Bank did not acquire any of its shares during the year ended 31 December 2024.
Property, plant and equipment Information relating to changes in property, plant and equipment is given in Note 30 to the financial statements.

Employment and employees

Employment of disabled persons:

The Bank has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Bank's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, safety and welfare of employees:

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc.

Employee training and development

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.

Training is carried out at various levels through both in-house and external courses. Incentive schemes designed to encourage the involvement of employees in the Bank's performance are implemented whenever appropriate.

Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Bank for the year ended 31 December 2024 and the profit or loss and other comprehensive income attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

Auditor

In accordance with Section 401(1) of the Companies and Allied Matters Act 2020 and Section 20.2 of Nigerian Code of Corporate Governance 2018, Messrs Deloitte & Touche was re-appointed as the External Auditors of Alternative Bank Limited and they have indicated their willingness to continue as External Auditors of the Bank.

BY ORDER OF THE BOARD:

Damilola Longe
Company Secretariat
FRC/2024/PRO/NBA/002/052671
22 Marina, Lagos, Nigeria
March 25th, 2025

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT

For the year ended December 2024

In the name of Allaah, The Beneficent, The Merciful

Praise be to Allaah the Lord of the world, prayers and peace be upon the most honorable of the prophets and messengers, our master Prophet Mohammad, his family and all his companions.

Advisory Committee of Experts (ACE)'s report to the shareholders and participatory stakeholders of Alternative Bank Limited on the state of compliance of The Alternative Bank Limited with Shariah principles and rules during the year ended 2024.

Introduction:

We, collectively, having been appointed by the Board of Directors of Alternative Bank as the Advisory Committee of Experts (ACE) of Alternative Bank Limited have fulfilled our responsibilities in respect of ensuring the Bank's compliance with Shariah principles and rules, and are pleased to issue this report.

In Our Opinion:

In its various transactions, investments, deposits and its different business transactions during the year ended December 2024, the bank has abided by the rules and principles of Shariah.

Additional Opinion:

The Advisory Committee of Experts (ACE) of Alternative Bank Limited has reviewed the financial statement of the bank and taken note of the Non-Permissible Income (NPI) declared by the bank during the review period. The ACE hereby certifies that the declared amount is correct and that the NPI has been disposed by the bank to the satisfaction of the ACE. The remaining balance was due to FRACE's resolution of all Non-Interest Bank interbank transactions that occurred after the period.

We have conducted an evaluation of the work that was accomplished by the Shariah Audit team, which consisted of inspecting, on a test basis, each type of transaction, some marketing materials, as well as the necessary documentation and processes that the Bank had employed. The information we received was comprehensive and provided us with reasonable assurance that Alternative Bank Limited has not committed any significant Shariah transgressions.

Our Responsibilities:

Our responsibilities in respect of the Bank's compliance with Shariah principles and rules include providing supervision, Shariah rulings on the products, services and operations of the Bank, particularly regarding the design of the transactions (including approval of contracts, related documents, and process flows). We are also responsible for supervising and providing our input. where needed, on the execution of such transactions and implementation of our decisions. We are also required to perform a period specific review of the state of compliance of the Bank with Shariah principles and rules.

We confirm that we have fulfilled our responsibilities in respect of the period. We further confirm that the management of the institution has provided us all the information and support that we considered necessary for the purpose of fulfilling our responsibilities, including, in particular, those that enable us to form our opinion and to issue our report.

ACE's Independence and Ethical Considerations

We confirm that we have complied with all ethical and independence requirements, as applicable to us, during the period of report. These requirements include those specified in Guidelines on the Governance of Advisory Committees of Expert for NonInterest (Islamic) Financial Institutions In Nigeria and AAOIFI Code of Ethics for Islamic Finance Professionals.

Responsibilities of the Management:

Management has the responsibility to implement the Shariah governance framework and to ensure that Shariah compliance is embedded in the day-to-day functioning of the institution. The management is responsible for ensuring that the financial arrangements, contracts and transactions having Shariah implications, entered into by the institution with its customers and other stakeholders, and related policies and procedures, are, in substance and in their legal form, in compliance with the requirements of Shariah principles and rules. Management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

Acknowledgment:

The ACE would like to appreciate the Board and Management for their unwavering commitment to enhancing the Bank's role as a full fledged non-interest (Islamic) financial institution. This strategic approach has played a important role in the growth and advancement of non-interest banking in Nigeria, bringing significant advantages to both the Bank and its stakeholders.

And Allaah knows best.

Date: 27-03-2025

Shaykh AbdulKader Thomas
Chairman
FRC/2023/PRO/AUDITCOM/002/005809

Hon. Justice AbdulRaheem A. Sayi
Member
FRC/2023/PRO/AUDITCOM/002/649835

Shaykh Abubakar M. Musa
Member
FRC/2023/PRO/AUDITCOM/002/951263

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO

THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors of Alternative Bank Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Bank as of 31 December 2024, and the results of its operations, cash flows and changes in equity for the period then ended, in compliance with International Financial Reporting Standards ("IFRS"), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria (Amended) Act, 2023. In preparing the financial statements, the Directors are responsible for:

(a) properly selecting and applying accounting policies;

(b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

(c) providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the Bank will not remain a going concern in the year ahead.

The financial statements of the Bank for the year ended 31 December 2024 were approved by the directors on March 25th, 2025.

Signed on behalf of the Directors by:

Hassan Yusuf	**Muhtar Bakare**
Managing Director	***Chairman***
FRC No: FRC/2024/PRO/DIR/003/227843	**FRC/2022/PRO/DIR/003/458338**

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

(a) In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge,

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

(b) We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank, particularly during the period in which the audited financial statement report is being prepared.

(ii) has evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the bank's internal controls are effective as of that date;

The financial statements of the Bank for the year ended 31 December 2024 were approved by the directors on March 25th, 2025.

Signed by:

Okon Markson, FCA
Group Head - Finance & Performance Management
FRC No: FRC/2023/PRO/ICAN/001/702053

Hassan Yusuf
Managing Director
FRC No: FRC/2024/PRO/DIR/003/227843

Muhtar Bakare
Chairman
FRC/2022/PRO/DIR/003/458338

Report of the Board Audit Committee

In compliance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2020, the members of the Board Audit Committee report on the financial statements for the period ended 31 December 2024 as follows:

1 We are of the opinion that the accounting and reporting policies of the Bank are in accordance with International Financial Reporting Standards, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), regulatory and legal requirements and other agreed ethical practices.

2 We believe that the scope and planning of both the external and internal audits for the year ended 31 December 2024 were satisfactory and reinforce the Bank's internal control systems.

3 We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters.

4 The Internal Control and Internal Audit functions were operating effectively.

5 We have exercised our statutory functions under Section 404 (4) of the Companies and Allied Matters Act, 2020, and acknowledge the cooperation of Management and staff in the conduct of these responsibilities.

We are satisfied that the Bank has complied with the provision of the Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Directors' related credits in the financial statements of banks". We have reviewed insider-related credits of the Bank and found them to be as analysed in the financial statements. The nature of these facilities is disclosed in Note 40 to the financial statements.

Mr. Abdulmumin Ali
Chairman, Board Audit Committee
FRC/2025/PRO/DIR/003/169966

March 25th, 2025

Ernst & Young
UBA House, 10th Floor
57 Marina, Lagos

Tel: (234 -1) 4630479, 4630480
Fax: (234 -1) 4630481
E-mail: services@ng.ey.com

Report of External Consultants on the Board Performance Evaluation of Alternative Bank Limited

We have performed the evaluation of the Board of The Alternative Bank Limited for the year ended 2024 in accordance with the CBN Corporate Governance Guidelines 2023 (CBN CGG 2023) and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).

The CBN CGG 2023 and the FRC NCCG 2018 provides that there shall be an annual appraisal of the Board, its Committees, Chairman and individual directors covering all aspects of the Board's structure, composition, responsibilities, processes and relationships. Section 10.3 of the CBN CGG requires that the appraisal shall be conducted by an independent external consultant with adequate experience, knowledge and competence in corporate governance and performance management. Section 15.2 of the FRC NCCG states that the summary of the report of the Corporate Governance Evaluation should be included in the Company's annual report and on the investors' portal of the Company.

Our approach included the review of The Alternative Bank's Corporate Governance framework and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one-on-one interviews with the Directors of the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Company or reveal irregularities, if any, in the underlying information.

Based on our work, the Board of The Alternative Bank Limited has complied with the Central Bank of Nigeria Corporate Governance Guidelines 2023 and the Financial Reporting Council (FRC) Nigerian Code of Corporate Governance (NCCG) 2018 during the year ended 31st December 2024.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of The Alternative Bank Limited 2024 Annual Report.

For: Ernst & Young

Abiodun Ogunoiki
Partner and Head, Financial Services Risk Management, West Africa
FRC/2013/PRO/DIR/003/00000000794

MANAGEMENT'S ASSESSMENT OF, AND REPORT ON, ALTERNATIVE BANK LIMITED'S INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2024

In line with Financial Reporting Council's (FRC) guideline and in fulfillment of the FRC (Amendment) Act, 2023, we hereby make the following statements regarding the internal controls of Alternative Bank Limited for the year ended 31 December 2024:

i. Alternative Bank Limited's management is responsible for establishing and maintaining a system of Internal Control over Financial Reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

ii. Alternative Bank Limited's management used the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the Bank's ICFR.

iii. Alternative Bank Limited's management has assessed that the Bank's ICFR as of the end of 31 December 2024 is effective.

iv. Alternative Bank Limited's external auditor, Messrs. Deloitte & Touche, that audited the financial statements, has issued an attestation report on management's assessment of the Bank's internal control over financial reporting.

The attestation report of Messrs. Deloitte & Touche that audited the financial statements is included as part of Alternative Bank Limited's annual report.

March 28, 2025

Okon Markson
Group Head, Finance and Performance Management
FRC No: FRC/2023/PRO/ICAN/001/702053

Hassan Yusuf
Managing Director/CEO
FRC No: FRC/2024/PRO/DIR/003/227843

CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2024

I hereby make the following statements regarding the internal controls of Alternative Bank Limited for the year ended 31 December 2024:

I, **Okon Markson**, certify that:

a) I have reviewed this Management Assessment on Internal Control over Financial Reporting of Alternative Bank Limited;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, faithfully present, in all material respects, the financial condition, results of operations and cash flows of the Bank as of, and for, the period presented in this report;

d) The Bank's other certifying officer and I:
   1) are responsible for establishing and maintaining internal controls;
   2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank is made known to us by others within the Bank, particularly during the period in which this report is being prepared;
   3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAPs);
   4) have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report, and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

Alternative Bank Limited
(RC. No. 1909410)
Head Office:
239, Ikorodu Road, Lagos.
Tel: 0201-7000555
altbank.ng

e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the Bank's auditors and the Board of Directors:
   1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarise, and report financial information; and
   2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.

f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Okon Markson
Group Head, Finance and Performance Management
FRC No: FRC/2023/PRO/ICAN/001/702053
28 March, 2025

CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2024

I hereby make the following statements regarding the internal controls of Alternative Bank Limited for the year ended 31 December 2024:

I, **Hassan Yusuf**, certify that:

a) I have reviewed this Management Assessment on Internal Control over Financial Reporting of Alternative Bank Limited;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, faithfully present, in all material respects, the financial condition, results of operations and cash flows of the Bank as of, and for, the period presented in this report;

d) The Bank's other certifying officer and I:
   1) are responsible for establishing and maintaining internal controls;
   2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank is made known to us by others within the Bank, particularly during the period in which this report is being prepared;
   3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAPs);
   4) have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report, and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the Bank's auditors and the Board of Directors:

1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarise, and report financial information; and
2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.

f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Hassan Yusuf
Managing Director/CEO
FRC/ 2024/PRO/DIR/003/227843
28 March, 2025

Deloitte.

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March 2025

The Company Secretary
Alternative Bank Limited
20 Marina
Lagos Island, Lagos
Nigeria.

Dear Madam,

Report of External Auditors Review on the Extent of Compliance with Corporate Governance Requirements for Alternative Bank Limited

Deloitte & Touche has performed an independent review to determine the extent of Alternative Bank Limited ("Alternative Bank") compliance with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG 2018) and CBN Corporate Governance Guidelines for Banks (CBN CG Guidelines for Banks) for the year ended 31 December 2024.

The review was performed leveraging relevant governance guidelines by the Nigerian Code of Corporate Governance (NCCG), CBN Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks (CBN CG Guidelines for Banks), and other relevant codes of corporate governance. The result of our review has shown that the Bank generally complies with the provisions of the NCCG and the CBN CG Guidelines for Banks.

It should be noted that the matters raised in this report are only those which came to our attention during the review. The report is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported. The report should be read in conjunction with the Audited Financial Statements of the Bank.

Thank you for the opportunity to work with you on this project. We look forward to other opportunities to add value to your business.

Yours faithfully,

For: Deloitte and Touché

Ibukun Beecroft

Ibukun Beecroft
Partner, Risk Advisory
FRC/2020/PRO/00000020765

Deloitte.

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Assurance Report of Independent Auditor
To the Shareholders of Alternative Bank Limited

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Alternative Bank Limited** as of 31 *December 2024*, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the FRC Guidance on Management report on Internal Control over Financial Reporting. **Alternative Bank Limited***'s* management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of *the Bank* and our report dated 7 May 2025 expressed an *unmodified* opinion.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Bank did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the FRC Guidance on Management report on Internal Control over Financial Reporting.

Definition of internal control over financial reporting
Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal control over financial reporting includes those policies and procedures that:

I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;

II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and

III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Deloitte.

Inherent limitations
Our procedures included the examination of historical evidence of the design and implementation of the Bank's system of internal control over financial reporting for the year ended 31 December 2024. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Directors' and Management's Responsibilities
The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Council of Nigeria (Amendment) Act 2023 further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach
Our responsibility is to express a limited assurance opinion on the Bank's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Bank did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Bank established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

Deloitte & Touché
Michael Daudu (FRC/2013/PRO/ICAN/0004/00000000845)

Lagos Nigeria
Date: 5 May 2025

P.O. Box 965
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALTERNATIVE BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **ALTERNATIVE BANK LIMITED** set out on pages 37 to 138 which comprise the statement of financial position as at 31 December, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of **ALTERNATIVE BANK LIMITED** as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act,2020 relevant Central Bank of Nigeria guidelines and circulars, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, Shariah Governance Requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert and other relevant standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the Financial Statements in Nigeria.

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was 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 the Key audit matter.

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Key Audit Matter	
Identification and measurement of impairment of Financial assets	**How the matter was addressed in the audit**
As disclosed in note 2.2.2 (vii) to the financial statements, in line with the provisions of IFRS 9, The Bank identifies and measures loss allowances based on Expected Credit Loss (ECL) model on the following financial instruments. • Financial guarantee contracts issued; and • Finance facilities; • Sukuk instruments;	We evaluated the appropriateness of the Directors' assessment of whether credit risk has increased significantly since initial recognition of financial assets and adequacy of the related disclosures made.
The Bank applies a three-stage approach to measuring ECL on financial assets issued which migrate through three stages based on changes in credit quality since initial recognition.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss.
At each reporting date, the Directors assess whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset at initial recognition and risk of default at the reporting date. And in determining whether credit risk has increased significantly since initial recognition, the Directors uses internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices.	Our audit procedures also included challenging the Directors on the reasonableness of the financial assets staging categorization based on changes in credit quality and risk of default.We involved our Credit Specialist on the engagement to review and challenge the reasonableness of ECL model logic as well as inputs and assumptions (internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices) used by comparing these with industry trends and Banks's historical performance.
Identification and measurement of impairment of financial instruments is of significance to the audit of the financial statements due to the amount of judgement required by the Directors in determining whether the credit risk has increased significantly since initial recognition of financial assets that includes the consideration of current and future macroeconomics information.	We assessed the adequacy of the disclosures in the financial statements relating to financial assets.
Accordingly, for the purposes of our audit, we have identified identification and measurement of impairment of financial assets as a key audit matter.	Based on the work performed, we found the Directors key judgements and assumptions to be reasonable. We are satisfied that the related disclosures in the financial statements are appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Alternative Bank Limited Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, the Board Audit and Risk Management Committee's Report, Board Evaluation Report, the Statement of Corporate Responsibility for Financial Statements, and Other National Disclosures as required by Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023 which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act,2020, relevant Central Bank of Nigeria guidelines and circulars, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, Shariah Governance Requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert and other relevant standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Bank's abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor'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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the fifth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Bank has kept proper books of account, so far as appears from our examination of those books.

iii) The Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 40b.

During the year, the bank contravened section 50 of Banks and Other Financial Institution Act (BOFIA) of 2020. This has been disclosed in Note 50 of the financial statements.

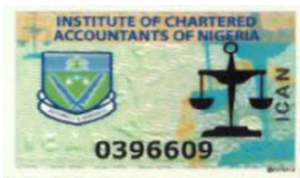
In accordance with the requirements of the Financial Reporting Council of Nigeria,we performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRCN Guidance on assurance engagement report on Internal Control over Financial Reporting, and based on the procedures we have performed and the evidence obtained, we have issued an Unmodified conclusion in our report dated 7 May 2025. That report is included on page 30 of the financial statements.

Restriction on Distribution

The opinion expressed in these financial statements is to enable the Bank to comply with the requirement for the submission of its financial statements to the Central Bank of Nigeria in accordance with Section 26 of Bank and Other Financial Institutions Act, 2020. Consequently, these financial statements should not be distributed or made available to any third party in whole or in part pending final approval by the Central Bank of Nigeria and subsequent auditors' opinion thereon.

Michael Daudu
FRC/2013/PRO/ICAN/0004/00000000845

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
5 May 2025



Statement of Comprehensive Income

In thousands of Naira	Notes	12 Months to 31-Dec-24	6 Months to 31-Dec-23
Income from Financing Operations	6	6,961,948	2,784,254
Income from investment in Sukuk (measured using effective return rate)	6	10,539,845	2,641,994
Income from other Investing Activities	6	5,629,411	677,208
Gross income from financing & Investment transactions		**23,131,204**	**6,103,456**
Impairment on Financing & Investment Contracts	7	(10,767)	(246,747)
Net income after impairment		**23,120,438**	**5,856,709**
Returns to Investment Account Holders	8	(8,999,697)	(2,377,925)
Total Returns after payment to Quasi - Equity Investment Account Holders		**14,120,741**	**3,478,784**
Fees and Commission Income	9	2,903,839	1,735,495
Fees and Commission Expenses	9	(417,330)	(79,290)
Other Operating Income	10	9,725,052	2,371,638
Total Net Income Before Operating Expenses		**26,332,301**	**7,506,627**
Expenses:			
Personnel Expenses	11	4,016,138	2,515,752
Depreciation and Amortization	12	589,173	114,054
Other Operating Expenses	13	11,295,274	2,224,073
Total Expenses		**15,900,585**	**4,853,879**
Profit Before windfall tax and income taxes		**10,431,715**	**2,652,748**
Windfall tax	14	(7,449)	-
Income Tax Expenses	14	(346,178)	(262,270)
Profit After Tax		**10,078,088**	**2,390,478**
Other comprehensive income:			
Items that will not be reclassified to profit or loss subsequent period:			
Revaluation loss on equity instruments at fair value through other comprehensive income		(835,674)	1,382,640
Total items that will not be reclassified to profit or loss subsequent period		(835,674)	1,382,640
Items that will be reclassified to profit or loss in subsequent period:			
Sukuk Instruments and other investments at fair value through other comprehensive income:			
- Net change in fair vaue during the period		(440,581)	578,774
- Changes in allowance for expected losses on Sukuk and Other Market Instruments		-	101,101
Net gains on Sukuk instrument and other investments at fair value through other comprehensive income		**(440,581)**	**679,875**
Total Items that will be reclassified to profit or loss in subsequent period:		(440,581)	679,875
Other comprehensive income for the year net of tax		(1,276,256)	2,062,515
Total comprehensive income for the period		8,801,832	4,452,993
Earnings per share			
Basic Earnings per share (kobo)		**50**	**24**

The accompanying notes to the financial statement form part of the financial statements.

Statement of Financial Position

In thousands of Naira	Notes	31-Dec-24	31-Dec-23
Assets			
Cash & Bank Balances	16	96,891,300	60,033,957
Due from Other Commercial Banks	17	13,941,000	19,987,590
Investment - Commodity Stocks	18	27,055,406	8,656,992
Investment-Gold Bullion	19	2,482,471	1,828,128
Accounts Receivable	20	1,228,998	1,436,550
Investment in Sukuk	22	65,794,477	31,780,497
Halal Portfolio Investment	21	5,355,975	4,163,533
Financing Assets	23	41,346,814	33,122,757
Other Market Instruments	24	1,081,875	-
Other Investments - Musharakah	25	4,151,119	1,353,707
Investment in Unquoted Equity	26	2,656,682	3,628,065
Other Assets	27	21,030,359	3,086,543
Investment Property	28	4,036,050	4,790,468
Right-of Use Asset	29	3,436,491	-
Property, Plant and Equipment	30	16,861,097	8,700,744
Intangible Assets	31	157,439	151,092
Total Assets		**307,507,552**	**182,720,624**
Liabilities			
Customer Current Deposits	33	136,035,148	71,699,146
Due to other Commercial Banks	32	3,697,470	8,627,430
Due To Other Financial Institutions	34	28,527,457	25,617,715
Current Income Tax Payable	14	229,853	51,053
Intervention Fund	35	36,433	-
Other Liabilities	36	47,875,978	25,692,160
Lease liability	37	1,580,867	-
Deferred Tax Liabilities	14	78,818	177,925
Provisions	38	86,304	6,148
Unresricted Mudarabah Investment Accounts Holders	39	65,415,032	36,306,688
Total liabilities		**283,563,360**	**168,178,265**
Owners' equity			
Share Capital	40	10,000,000	10,000,000
Retained Earnings		566,423	1,484,349
Other Components of Equity		8,288,404	2,968,644
Profit Equalisation Reserve		89,366	89,366
Deposit for Shares		5,000,000	-
Total equity		**23,944,192**	**14,542,359**
Total Equity and Liabilities		**307,507,552**	**182,720,624**

Signed on behalf of the Board of Directors on March 25th, 2025.

Okon Markson, FCA	**Hassan Yusuf**	**Muhtar Bakare**
Group Head, Finannce & Performance Management	***Managing Director***	***Chairman***
FRC /2023/PRO/ICAN/001/702053	**FRC No: FRC/2024/PRO/DIR/003/227843**	**FRC/2022.PRO/DIR/003/458338**

The accompanying notes to the financial statements form part of these financial statements.

Statement of changes in equity

In thousands of Naira

At 31 December 2024

	Share capital	Fair Value Reserve	Regulatory Risk Reserve	AGSMEIS Reserve	Statutory Reserve	Total Other Comp. of Equity	Profit Equalisation Reserve	Retained earnings	Deposit for Shares	Total Equity
Equity at January 2024	10,000,000	2,062,515	69,462	119,524	717,143	2,968,644	89,366	1,484,349	-	14,542,358
Transfer to profit equalization reserve (PER)**	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-		-	-	-
Comprehensive Income for the Year	-	-	-	-	-	-		-	-	-
Profit for the year.	-	-	-	-	-	-		10,078,088	-	10,078,088
Net change in fair value of other financial instruments measured at FVOCI.	-	(440,581)	-	-	-	(440,581)		-	-	(440,581)
Net change in fair value of equity designated at fair value though other comprehensive income.	-	(835,674)	-	-	-	(835,674)		-	-	(835,674)
Total comprehensive income for the year	**-**	**(1,276,256)**	**-**	**-**	**-**	**(1,276,256)**	**-**	**10,078,088**	**-**	**8,801,832**
	-	-	-	-	-	-		-		-
Transaction with equity holders, recorded directly in equity:	-	-	-	-	-	-		-		-
Interim Dividend to Equity holders	-	-	-	-	-	-		(4,400,000)	-	**(4,400,000)**
Transfer to regulatory risk reserve	-	-	3,068,685			3,068,685		(3,068,685)	-	**3,068,685**
Transfer to statutory & AGSMEIS reserves	-	-	-	503,904	3,023,426	3,527,330		(3,527,330)	-	**3,527,330**
Deposit for Shares	-	-	-	-	-		-	-	5,000,000	**5,000,000**
At 31 December 2024	**10,000,000**	**786,259**	**3,138,147**	**623,428**	**3,740,569**	**8,288,404**	**89,366**	**566,423**	**5,000,000**	**23,944,192**
Equity at July 2023	10,000,000	-	-	-	-		-	-		10,000,000
Transfer to profit equalization reserve (PER)**	-	-	-	-	-	-	89,366	-		89,366
Comprehensive Income for the Year	-	-	-	-	-	-		-		-
Profit for the year	-	-	-	-	-	-		2,390,478		2,390,478
Net change in fair value of other financial instruments measured at FVOCI	-	679,875	-	-	-	679,875		-		679,875
Net change in fair value of equity measured at FVOCI	-	1,382,640	-	-	-	1,382,640		-		1,382,640
	-	-	-	-	-	-		-		-
Total comprehensive income for the year	**-**	**2,062,515**	**-**	**-**	**-**	**2,062,515**	**89,366**	**2,390,478**		**4,542,359**
	-	-	-	-	-	-		-		-
Transaction with equity holders, recorded directly in equity:	-	-	-	-	-	-		-		-
Dividend to Equity Holders	-	-	-	-	-	-		-		-
Transfer to Regulatory Risk Reserve	-	-	69,462			69,462		(69,462)		-
Transfer to Statutory & AGSMEIS Reserves	-	-	-	119,524	717,143	836,667		(836,667)		-
At 31 December 2023	**10,000,000**	**2,062,515**	**69,462**	**119,524**	**717,143**	**2,968,644**	**89,366**	**1,484,349**		**14,542,358**

The accompanying notes to the financial statement form part of the financial statements.

**** The Bank set aside part of its earnings as Profit Equalization Reserve (PER) to smoothen profit sharing obligations with its Quasi-Equity Investment Account Holders.**

Statement of Cash Flows

In thousands of Naira	Notes	12 Months to 31-Dec-24	6 Months to 31-Dec-23
Cash flows from Operating Activities:			
Profit After Tax		10,078,088	2,390,478
Adjustments for:			
Gain from disposal of investment property	10	(7,615,697)	(441,917)
Gain from disposal of property, plant and equipment		(1,995)	-
Impairment on Financing & Investment Contracts	7	10,767	246,747
Depreciation and Amortisation charges	12	589,173	114,053
Lease expense	37	249,423	-
FC Revaluation gain		(13,208,998)	-
Gross income from financing & Investment transactions		(23,131,204)	(6,103,456)
Returns to Investment Account Holders		8,999,697	2,377,925
Windfall tax		7,449	-
Income Tax Expense	14	346,178	262,270
		(23,677,118)	**(1,153,899)**
Change in Operating Assets and Liabilities			
Due from Other Commercial Banks	41.3	6,046,590	(239,000)
Investment - Commodity Stocks	41.3	(18,398,414)	433,377
Accounts Receivable	41.7	207,552	
Financing Assets	41.5	(7,528,900)	(18,587,759)
Deposits with the Central Bank of Nigeria	41.2	(61,181,212)	-
Other Market Instruments	41.9	(1,081,875)	-
Other Investments - Musharakah	41.10	(2,797,412)	-
Other Assets	41.12	(17,966,273)	(2,464,708)
Investment in Gold Bullion	41.6	(684,674)	-
Due To Other Commercial Banks	41.14	(4,929,960)	-
Customer Current Deposits	41.15	64,336,002	24,088,940
Due To Other Financial Institutions	41.16	2,909,742	(3,411,411)
Other Liabilities	41.18	25,850,163	8,091,993
Financing & Investment Transactions Income received	41.21	22,462,934	6,162,660
Returns paid to Investment Account Holders	41.22	(8,812,115)	(2,318,428)
Net cash flows (used in) / generated from operations		(25,244,972)	10,601,765
Cash Flows from Investing Activities			
Purchase of investment in Sukuk	41.13	(54,170,250)	(3,500,000)
Proceeds from sale of investment in Sukuk	41.13	15,816,132	9,286,794
Purchase of property and equipment	30	(8,585,714)	(5,890,890)
Purchase of intangible assets	31	(6,090)	(59,652)
Purchase of investment property	28	(258,392)	-
Purchase of Halal investments	41.8	(1,260,516)	(568,854)
Proceeds from disposal of property, plant and equipment		32,708	-
Proceeds from disposal of investment property		8,658,947	1,157,524
Net cash used in investing activities		(39,773,175)	424,922
Cash Flows from Financing Activities			
Interim dividend to Equity holders		(4,400,000)	-
Intervention Fund	41.17	36,433	-
Payment for lease liabilities		(2,259,498)	-
Deposit for Shares		5,000,000	-
Unrestricted Investment Accounts	41.20	29,108,344	5,828,260
Net cash generated from financing activities		27,485,279	5,828,260
Decrease increase in cash and cash equivalents		(37,532,867)	16,854,947
Analysis of changes in cash and cash equivalents			
Cash and cash equivalents at the beginning	41	60,033,957	33,184,174
Impact of exchange movement		13,208,998	9,994,836
Decrease increase in cash and cash equivalents		(37,532,867)	16,854,947
Cash and cash equivalents at end of the period	41.1	**35,710,088**	**60,033,957**

STATEMENT OF PRUDENTIAL ADJUSTMENTS

The regulators, Central Bank of Nigeria and Nigeria Deposit Insurance Corporation, stipulate that impairment allowance for financial assets shall be determined based on the requirements of IFRS. The IFRS allowance should then be compared with the impairment determined under the prudential guidelines as prescribed by CBN and the difference should be treated as follows:

(i) Prudential provision is greater than IFRS provision - transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

(ii) Prudential provision is less than IFRS provision - the excess should be transferred from the Regulatory Risk Reserve to the Retained Earnings to the extent of the non-distributable reserve previously recognized.

In thousands of Naira	**Note(s)**	**12 Months to 31-Dec-24**	**6 Months to 31-Dec-23**
Transfer to Regulatory Risk Reserve			
Prudential provision		**4,600,000**	**1,587,056**
IFRS provision			
Impairment allowance on Finance Facilities	23	1,100,124	1,127,010
Allowances for impairment for Other Assets	27	193,637	171,180
Impairment allowance on Sukuk Securities	22	19,632	101,101
Impairment allowance on Other Investment - Musharaka	25	-	50,000
Provision for guarantees and letters of credit	38	86,304	6,148
Impairment on Commodity Stock	18	62,155	62,155
		1,461,853	**1,517,594**
Difference in impairment provision balances		***3,138,147***	***69,462***
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the Year		69,462	-
Transfer (from) / to Regulatory Risk Reserve		3,068,685	69,462
		3,138,147	69,462

Non Permissible Income (NPI) and its Disposal

In thousands of Naira	**Dec-24**	**Dec-23**
Sources of charity Funds		
Opening Balance	1	-
Non Permissible Income	**871,179**	**7,663**
Total Sources of NPI	871,180	7,663
Uses of NPI		
Disbursement to charity	12,164	7,662
Total uses of NPI during the year	12,164	7,662
Balance at 31 December	859,016	1

Notes to the Financial Statements

1 Corporate information :

1.1 Incorporation

The Alternative Bank Ltd was incorporated on 23rd March 2022 as a limited liability company with incorporation RC No. 1909410. It obtained a national banking license from the Central Bank of Nigeria on June 26, 2023 and consequently, commenced ethical banking operations on July, 2023. The Alternative Bank is a subsidiary of Sterling Financial Holdings Company Plc. The bank's name was changed by Special Resolution dated 8 August, 2024 to ALTERNATIVE BANK LIMITED.

1.2 Corporate Restructuring

The restructuring was implemented via a scheme of arrangement between the Bank and its shareholders in line with the Guidelines for Licensing and Regulation of national commercial banks in Nigeria.

At a court-ordered meeting held on the 19th of September 2022, the Bank's shareholders approved all the resolutions required to effect the scheme. The Bank also received the final approval of the Securities and Exchange Commission (SEC) to effect the scheme on the 20th of October 2022.

The Bank applied to the Corporate Affairs Commission (CAC) in September 2022 and re-registered the Holdco as a public company. The Holdco is the Sterling Financial Holdings Company Plc.

The court order sanctioning the scheme was obtained on the 19th of December 2022; after which, an application for the registration of the 28,790,418,124 ordinary shares of the Holdco was made to the SEC with approval received on the 20th of March 2023.

Also, the Bank reviewed its portfolio of investment securities, consisting mainly of FGN debt instruments.

We remain confident that the Federal Government of Nigeria will continue to meet its obligations. The component of corporate debt instruments in the Bank's portfolio of investment securities is relatively small, and we continue to assess and value them as appropriate.

Subsequent to this, Sterling Bank Plc's shares were delisted from the NGX, and transferred to the Holdco; resulting in the listing of the Holdco as a public company on the NGX. In furtherance of the restructure and final licence requirements, the Bank was re-registered as a private company with the Holdco as its shareholder.

The approval of the final licenses for both the Holdco and The Alternative bank Ltd, the standalone Non-Interest Bank were received on the 26th June 2023 and 27th June 2023 respectively from the Central Bank of Nigeria.

The Holdco and the AltBank commenced operations on the 1st of July 2023 following a carve out and transfer of the Non-Interest banking business from the Bank to the Holdco, making it the second subsidiary of the Holdco.

The Holdco structure will enable the Group strengthen its earnings and long-term competitiveness, increase funding sources, diversify into other permissible business areas, fostering growth and increasing shareholder value.

(b) Reorganisation of capital

As part of the carve out of the non-interest banking window business and reorganisation of capital, Sterling Bank Plc transferred the sum of ₦10 billion to the CBN for the capitalisation of The Alternative Bank Limited. Sterling Bank Plc also transferred, in substance distribution, another ₦10 billion to HoldCo for its operations.

Notes to the Financial Statements - continued

(c) Carve-out and transfer of non-interest banking business and the emergence of The Alternative Bank Ltd

Consequent upon (b) above and in line with the restructuring scheme of arrangement the Bank received all the assets, liabilities, and undertakings related to the non-interest banking window business from the legacy Sterling Bank Plc.

This resulted in transfer of N14.8 billion net asset of non-interest banking window from the Alternative Bank Ltd and a payable account (Due To Sterling Bank Ltd) in like sum recognised in the books in favor of Sterling Bank Ltd.

2 Accounting Policies

2.1 Basis of preparation and statement of compliance

The financial statements of the Bank have been prepared in compliance with IFRS Accounting Standards® as issued by the International Accounting Standards Board (IASB) and for matters that are peculiar to Islamic Banking and Finance, the Bank shall rely on the Statement of Financial Accounting ("SFA") and Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Standards issued by the Islamic Financial Services Board ("IFSB") and Circulars issued by the Central Bank of Nigeria ("CBN") shall also be of guidance.

The financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss and financial instruments measured at fair value through other comprehensive income.

(a) Functional and Presentation currency

The financial statements are presented in Nigerian Naira, the Bank functional currency and all values are rounded to the nearest Thousand (N'000) except when otherwise indicated.

(b) Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement of the financial assets and liabilities within 12 months after the reporting date are ranked higher in the order of liquidity than those that are more than 12 months.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any IFRS accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank or are issues discussed in that manner by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Standards issued by the Islamic Financial Services Board ("IFSB") .

2.2 Summary of material accounting policies:

The following are the material accounting policies applied by the Bank in preparing its financial statements:

2.2.1 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable on taxable profit or loss for the period determined in accordance with the Companies Income Tax Act (CITA), using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements - continued

(i) Current tax - continued

Tax assessments are recognized when assessed and agreed to by the Bank with the Tax Authorities, or when appealed, upon receipt of the results of the appeal.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill; and
- the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that sufficient future taxable profits or sufficient future taxable temporary differences will be available against which can be used.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

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

2.2.2 Financial instruments

(i) Recognition and initial measurement

Regular purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset or financial liability is measured initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition. Financial assets that are transferred to third parties but do not qualify for derecognition are presented in the statement of financial position as “pledged asset”, if the transferee has the right to sell or re-pledge them.

(ii) Classification of financial instruments

The Bank classified its financial assets under IFRS 9, into the following measurement categories:

- Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling). Included in this classification are debt instruments at FVOCI and equity instruments at FVOCI;
- Those to be measured at fair value through profit or loss (FVTPL)); and
- Those to be measured at amortised cost. Included in this classification are debt instruments at amortised cost, facility e.t.c.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(ii) Classification of financial instruments- continued

The classification depends on the Bank's business model for managing financial assets and the contractual cashflow characteristics of the financial asset (i.e solely payments of principal and revenue- SPPI test). Directors determine the classification of the financial instruments at initial recognition.

The Bank classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at

(iii) Subsequent measurement

Financial assets -

(i) Security instruments

The subsequent measurement of financial assets depend on its initial classification:

Amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and mark-up on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Income from these financial assets is determined using the effective return rate method and reported in profit or loss as 'income'.

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

The Bank's financial assets at amortised cost include cash and bank balances, due from other commercial banks, account receivables, financing assets, and investments.

Fair value through other comprehensive income (FVOCI): Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and mark-up on the principal amount outstanding.

The security instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Income from these financial assets is determined using the effective returns rate method and recognised in profit or loss as 'income'.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

The Bank's financial assets at fair value through other comprehensive income include equity instruments at FVOCI, Sukuk securities.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of investment that is subsequently measured at fair value through profit or loss if any are recognised in the statement of profit or loss.

(ii) Equity instruments:
The Bank subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Bank's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognised in profit or loss as other operating income when the Bank's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All equity financial assets are classified as measured at FVOCI. The Bank presents fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

(iv) Business model assessment
The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular returns rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
2) How the performance of the portfolio is evaluated and reported to the Bank's management;
3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and mark-up on principal
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'profit' is defined as mark-up for the credit risk associated with the total principal amount outstanding and for other basic financing risks and costs.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

In assessing whether the contractual cash flows are solely payments of principal and the mark-up, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of mark-up for Ijarah Muntahia Bittamleek structured facilities.

The Bank holds a portfolio of long-term fixed rate facilities for which the Bank has the option to revise the returns rate at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the facility based on the revision in market rates are part of the contractually agreed terms on inception of the facility agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the facilities at par at any reset date. The Bank has determined that the contractual cash flows of these facilities are solely payments of principal and profit because the option varies with the mark-up rate in a way that is considered a consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit. Please note that changes in mark-up rate applies to facilities under the Ijara structure but the above changes will not apply to facilities under the murabaha structure (see note 4 on new

Financial liabilities -
The Bank classifies financial liabilities into financial liabilities at amortised cost and fair value through profit or loss. Financial liabilities are derecognised when extinguished. ie when the obligation specified in the contract is discharged or cancelled or expires.

(i) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by the Bank.

Gains and losses arising from changes in fair value of financial liabilities classified as fair value through profit or loss are included in the profit or loss and are reported as 'Net trading income on financial instruments classified as as fair value through profit or loss'. Share of profit on financial liabilities held for trading are included in 'Net trading income on financial instruments classified as as fair value through

The Bank does not have any financial liabilities at fair value through profit or loss.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Bank's own credit quality is calculated by determining the changes in credit spreads above observable market mark-up rates and is presented separately in other comprehensive income.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(ii) Financial liabilities at amortised cost
Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are due to other commercial banks, deposits from customers, due from other financial institutions, and lease liability.

(v) Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets that are debt instruments. A change in the objective of the Bank's business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or profits previously recognised are not restated when reclassification occurs.

The Bank may only sell insignificant portion of debt instruments measured at amortised cost frequently without triggering a change in business model. If the Bank sells significant portions, this will not be more than twice a year subject to cases of unlikely to reoccur events such as:

- Run on the Bank/stressed liquidity scenarios
- Credit risk event i.e. perceived issuer default
- In the event of merger and takeover, the Bank may sell portion of the portfolio if the security holdings violates set limits
- Other one-off events

Significance is defined to mean 5% of the portfolio value and subject to the policy on frequency above.

The Bank may sell debt instruments measured at amortised cost without triggering a change in business model if the sale is due to deterioration in the credit quality of the financial assets or close to maturity. A financial asset is said to be close to maturity if the outstanding tenor of the financial asset from the time of issue is 25% or less of the original tenor.

Sales close to maturity are acceptable if the proceeds from the sales approximate the collection of the remaining contractual cash flows. At the point of sale an assessment will be conducted to determine whether there is more than 10% different from the remaining cash flows.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(vi) Modifications of financial assets and financial liabilities

(i) Financial assets
If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of income for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria.

Qualitative criteria
Scenarios where modifications may lead to derecognition of existing facilities and recognition of a new facilities, i.e. substantial modification, are:

- Conversion of a bullet repayment financial asset to amortising financial asset or vice versa
- Extension of financial asset's tenor
- Reduction in repayment of principal and mark-up
- Capitalisations of overdue repayments into a new principal amount
- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of financial asset's tenor

On the occurrence of any of the above factors, the Bank will perform a 10% test (see below) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in mark-up rate arising from a change in MPR which is a benchmark rate that drives borrowing rates in Nigeria
- Bulk repayment of financial asset

Quantitative criteria
A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective mark-up rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

A modification would not lead to derecognition of existing financial asset if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective mark-up rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.
- If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see below) and Expected credit losses (ECL) are measured as
- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flows from existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from existing financial asset that are discounted from expected date of derecognition to the reporting date using original effective mark-up rate of the existing financial asset.

(ii) Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective returns rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(vii) Impairment of financial assets

See also Note 36(h)[ii] on Credit risk disclosure

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Financing commitments issued.

No impairment loss is recognised on equity investments. The Bank measures loss allowances at an amount equal to 12-month ECL for the following:

- Risk free and gilt edged debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial

Otherwise, ECL is measured over the lifetime of instruments with significantly increased credit risk.

The Bank considers a risk free and gilt edged debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

1 Measurement of Expected Credit loss (ECL)

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

a. Financial assets that are not credit-impaired at the reporting date: ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
b. Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired financial assets) : ECL represents the difference between the gross carrying amount and the amortized costs of the asset;
b. Financial guarantee contracts: This is the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

2 Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows on the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit

A **Financing transaction** that has been renegotiated due to a deterioration in the **customers'** condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has not reduced significantly and there are no other indicators of impairment. In addition, **financing transactions** that are more than 90 days overdue are considered impaired except for specialised transactions in which the Bank has rebutted the 90 days past due presumptions. The specialised **transactions** include:

1 Project financing: >180 days past due backstop
2 Object financing (producing real estate and commercial real estate financing): > 180 days past due
3 Commodity finance:> 180 days past due backstop
4 Income producing real estate: >180 days past due backstop

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the Sukuk bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

Notes to the Financial Statements - continued

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

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- **Financing** commitments and financial guarantee contracts: generally, as a provision within other liabilities;
- Where a financial instruments includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the **financing** commitment component separately from those on the drawn component: the Bank presents as a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- Debt instruments measured at FVOCI: no loss allowance is recognised against debt instruments measured at fair value through other comprehensive income in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the "fair value reserve".

4 Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realisation of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement at the board level, as defined by the Bank. Credit write-off approval is documented in writing and properly initialed by the Credit collection and recoveries.

A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

1.8.2.3 Declassification

The risk rating of every delinquent account shall be subject to changes regularly after reviews. An account might have been reactivated or a mutually acceptable settlement proposal agreed on with the customer and therefore requires declassification. Such declassification is to be supported by a memo that includes:

- A copy of the most recent criticized assets schedule
- Specific details of what has changed since that report to warrant declassification.

Declassification or upgrade of a delinquent account requires the appropriate approval. The Head of CAD and the CRO must endorse all declassifications before they are valid.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least 90 consecutive days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured, depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant reduction in credit risk.
The following probationary period is applied in transferring financial asset back to a lower stage following a significant reduction in credit risk:

Notes to the Financial Statements - continued

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

1. When there is evidence of a significant reduction in credit risk for a financial instrument in stage 2, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

2. When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to

3. When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 180 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

(viii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified returns rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is assessed for classification under IFRS 9. The embedded derivative in such host contracts that are financial assets are not separated for accounting purposes.

The Bank did not have any embedded derivative during the period ended 31 December 2024.

(ix) Offsetting financial instruments -

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(x) Derivative financial instruments:

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(xi) De-recognition of financial instruments -

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained Profit in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Pledged assets', if the transferee has the right to sell or repledge them.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or

(xii) Financial guarantees and financing commitments

The date that the entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements. Financial guarantees issued are initially measured at fair value and the fair value is amortised over the life of the guarantee. Subsequently, the financial guarantees are measured at the higher of this amortised amount and the amount of expected loss allowance (See Note 33). The Bank also recognises loss allowance for its financing commitments (See Note 33). The expected loss allowance for the financing commitment is calculated as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

The Bank has issued no financing arragement / commitment that is measured at FVTPL.

2.2.3 Revenue recognition

Returns from Investment, Financing and Share of Profit

Returns from Investment, Financing and Share of Profit are recognised in profit or loss using the agreed profit or mark - up rate method. The effective return rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial

When calculating the effective return rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective return rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective returns rate includes transaction costs and fees paid or received that are an integral part of the effective returns rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

a. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective returns method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Notes to the Financial Statements - continued

2.2.3 Revenue recognition - continued

b. Calculation of income earned and share of profit

In calculating income earned and share of profit, the effective return rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, income earned is calculated by applying the effective returns rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of income reverts to the gross basis.

For financial assets that are credit-impaired on initial recognition, income is calculated by applying the credit-adjusted effective returns rate to the amortised cost of the asset. The calculation of income earned does not revert to a gross basis, even if the credit risk of the asset improves.

c. Presentation

Profit earned and share of profit presented in the profit or loss includes:

- Income/profit on financial assets and financial liabilities measured at amortised cost calculated on an effective returns basis;
- Profit on securities instruments measured at FVOCI calculated on an effective returns basis;

Profit earned and shared on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in Net trading income on financial instruments classified as held for trading.

Profit earned and shared on other financial assets and financial liabilities at FVTPL are presented in Net trading income on financial instruments.

d. Compliance of income and expense with Sharia requirements

Sharia compliant income

Profit earned and shared are sharia compliant income and expense. The Bank income as a fund manager (mudharib) consists of income and expense from Mudaraba and Hajj transactions, income from profit sharing of Sukuk and Mudaraba financing and other operating income.

Mudaraba income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

Profit sharing income from Mudaraba is recognised in the period when the rights arise in accordance with agreed sharing ratio, and the recognition based on projection of income is not allowed.

2.2.4 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central banks, operating accounts with other banks, amount due from other banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost.

Notes to the Financial Statements - continued

2.2.5 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognised in other income/other expenses in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 -Noncurrent Assets Held for Sale and Discontinued Operations. A non-current asset or disposal group is not depreciated while it is classified as held for sale. Leasehold land are not depreciated

The estimated useful lives for property, plant and equipment are as follows:

Leasehold land	over the lease period
Leasehold buildings	50 years
Leasehold improvements	10 years
Office furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years
Farm equipment and machines (tractors and harvesters)	10 years
Farm equipment and machines (plough, harrow and sprayers)	5 years

Assets in Capital work in progress consists of items of property, plant and equipment that are not yet available for use. Assets in Capital work in progress are not depreciated, it is transferred to the relevant asset category upon completion.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if applicable.

Notes to the Financial Statements - continued

2.2.5 Property, plant and equipment - continued

(iv) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

2.2.6 Intangible assets

Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in 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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and accounted for prospectively.

2.2.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are carried at historical cost less accumulated depreciation and impairment. The fair value and valuation inputs of the investment property are also disclosed in note 28 in accordance with IAS 40.

The investment properties consist of buildings which are depreciated on a straight-line basis over their useful life of 50 years and landed properties which are meant for development and are not subjected to depreciation.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Bank accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the Financial Statements - continued

2.2.8 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Leases are accounted for in accordance with the provisions of IFRS 16.

(i) The Bank as a lessee

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

(a) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 28.1 and are subject to impairment in line with the Bank's policy as described in Note 3(iii) impairment of non-financial assets.

(b) Lease liabilities

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

(ii) Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8%, respectively of the qualifying employee's monthly basic, housing and transport allowance. Obligations in respect of the Bank's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

Notes to the Financial Statements - continued

2.2.8 Leases - continued

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8%, respectively of the qualifying employee's monthly basic, housing and transport allowance. Obligations in respect of the Bank's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

(ii) Termination benefits
The Bank recognises termination benefits as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank settles termination benefits within twelve months and are accounted for as short-term benefits.

(iii) Short-term benefits
Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.2.10 Provisions, Contingent Liabilities and Contingent assets

(i) Contingent asset
Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

(ii) Contingent liability
Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

Notes to the Financial Statements - continued

2.2.10 Provisions, Contingent Liabilities and Contingent assets - continued

(iii) Provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events.

It is more probable than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The Bank recognises no provisions for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.2.11 Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the proceeds of the equity instruments.

(ii) Share premium

Any excess of the fair value of the consideration received over the par value of shares issued is recognised as share premium.

(iii) Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are approved and declared by the Bank's shareholders.

2.2.11 Equity reserves

(i) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through other comprehensive income (FVOCI) until the investment is derecognized or otherwise impaired.

(ii) Regulatory risk reserve

The regulatory risk reserve warehouses the difference between the impairment on financing assets computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected loss model used in calculating the impairment under IFRS.

(iv) Statutory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

(v) Profit Equalisation reserve

Profit equalisation reserve is the amount appropriated by the bank out of the mudaraba income, before allocating the mudarib share, in order to maintain a certain return level of return on investment (smoothening) for investment account holders and increase owners' equity.

Notes to the Financial Statements - continued

2.2.13 Foreign currency translation

The Bank's functional and presentation currency is Nigerian Naira ("N"). Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange at the reporting date. Differences arising from translation of monetary items are recognised in other operating income in the profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.2.14 Pledged financial assets

Financial assets pledged as collateral are classified separately from other assets when the counterparty has the right to sell or re-pledge the collateral (by custom or contract) and so debt instruments at FVOCI, and debt instruments at amortised cost are shown separately in the statement of financial position if they can be sold or pledged by the transferee.

Financial investments available for sale pledged as collateral are measured at fair value while financial investments held to maturity are measured at amortised cost.

The Bank measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following note:

Disclosures for valuation methods, significant estimates and assumptions are in Note 49
Quantitative disclosures of fair value measurement hierarchy are in Note 49
Financial instruments (including those carried at amortised cost) are in Note 49

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability and in the absence of a principal market, in the most advantageous market for the asset or liability.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements - continued

2.2 Summary of material accounting policies - continued

2.2.14 Pledged financial assets - continued

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3 Changes in accounting policies and disclosures

The following amendments and interpretations became effective in the annual period starting from 1 January 2021. The financial impact arising from these amendments and interpretations have been included in the financial statements.

(i) Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material had no significant impact on the Group's consolidated financial statements.

(ii) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to

(iii) New and amended IFRS Accounting Standards that are effective for the current year
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance

The bank has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the bank applies the amendments. Under the transitional provisions an entity is not required to disclose:

• comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments

• the information otherwise required by IAS 7:44H (b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

In the current year, the bank has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Notes to the Financial Statements - continued

2.3 Changes in accounting policies and disclosures - continued

Amendments to IAS 1 Classification of Liabilities as Current or Non-current
The bank has adopted the amendments to IAS 1, published in January 2020, for the first time in the current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
The bank has adopted the amendments to IAS 1, published in November 2022, for the first time in the current

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback
The bank has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or

Notes to the Financial Statements - continued

2.3 Changes in accounting policies and disclosures - continued

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

(iv) New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and [in some cases] have not yet been adopted by the bank:

- Amendments to IAS 21 Lack of Exchangeability
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the bank in future periods, except if indicated below.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

• a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
• the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

Notes to the Financial Statements - continued

2.3 Changes in accounting policies and disclosures - continued

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Notes to the Financial Statements - continued

2.3 Changes in accounting policies and disclosures - continued

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

• it is a subsidiary (this includes an intermediate parent)
• it does not have public accountability, and
• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

• its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets),

or
• it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The directors of the bank do not anticipate that IFRS 19 will be applied for purposes of the financial statements.

Notes to the Financial Statements - continued

3 Estimates and Assumptions

The key assumption concerning the future and other key sources of estimation uncertainly at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(i) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value

(ii) Amortisation and carrying value of intangible assets

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of intangible assets will have an impact on the carrying value of these items. See Note 29(b) for further information disclosure on intangible assets.

(iii) Determination of impairment of property, plant and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(iv) Determination of collateral value

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterparty. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however some collateral, for example, cash or securities relating to margin requirements, is valued daily.To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers,housing price indices, audited financial statements, and other independent sources. See Note 37 for further disclosure on collateral value.

(v) Business model assessment

For financial assets that are held for the purpose of collecting contractual cash flows, the Bank has assessed whether the contractual terms of these assets are solely payments of principal and Profit on the principal amount outstanding.

(vi) Significant accounting judgements, estimates and assumptions

Allowances for credit losses

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for finance facilities. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Notes to the Financial Statements - continued

3 Estimates and Assumptions - continued

A collective assessment of impairment takes into account data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing assets to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life time
- Expected credit losses (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

(vii) Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.2.19. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(viii) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely. See Note 14 for further information on judgment and estimates relating to deferred tax assets.

(ix) Estimating the incremental borrowing rate

The Bank cannot readily determine the Profit rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of Profit that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market Profit rates for simillar transactions) and is required to make certain entity-specific adjustments or to reflect the terms and conditions of the lease.

Notes to the Financial Statements - continued

3.2 Judgments

Judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be resonable under the circumstances. In the process of applying the Bank's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(i) Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain if to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Notes to the Financial Statements - continued

4 New Products

4.1 Istisna’a

A contract whereby the buyer request the seller to manufacture, construct or build a product in specification of nature and time using the seller’s raw materials and expertise at a pre-agreed price. The contractual agreement of Istisna’a is an obligation from the manufacturer or producer to deliver the contracted assets to the customer upon completion. In Istisna'a the asset or product of sales is not available at the time of sale.Istisna'a provide a key advantage in a contract that it can provide flexibility to the customer, where payments can be made in installments linked to project completion, at delivery or after project completion. **Istisna'a** are mainly applied in Infrastructure projects and the main examples of istisna' application includes: Construction of power plants, factories, roads, schools, hospitals, building and residential developments. The parties to an istisna' contract are: the Producer or Manufacturer; the Bank (i.e. the financier); and the Customer (i.e. purchaser of goods).
The Bank shall comply fully with the requirements of Shari’ah in recognition and measurement of Ijarah financing. The periodic lease rentals receivable are treated as rental income during the year they occur and charge thereon is included in operating expenses while initial direct cost incurred are capitalised upon initial recognition.

4.2 Murabaha

Murabah is the sale of goods contract with an agreed upon profit mark up on the cost (Cost plus). Murabaha sale is of two types. In the first type, the Islamic bank purchases the goods and makes it available for sale without any prior promise from a customer to purchase it. In the second type, the Islamic bank purchases the goods as required by a customer from a third party and then sells those goods to the same customer. In the latter case, the bank purchases the goods only after a customer has made a promise to purchase them from the bank. The cost-plus-amount which is the sales value is considered to reflect to totality of the contract value to which the customer is liable.

Profit from murabaha is quantifiable at the commencement of the transaction. Such income is recognized as it accrues over the period of the contract on effective returns rate method on balance outstanding.

4.3 Musharaka

Musharaka is a form of partnership between the bank and its clients whereby each party contributes to the capital of partnership in equal or varying degrees to establish a new project or share in an existing one, and whereby each of the parties becomes an owner of the capital on a permanent or declining basis and shall have his due share of the profits. However, losses are shared in proportion to the contributed capital. It is not permissible to stipulate otherwise.
Income on Musharaka Contracts is recognized when the right to receive payment is established or on the distribution by the Musharek.

4.4 Mudarabah

The term Mudarabah refers to form of business contract - partnership whereby one party is responsible for the required capital and the other the personal effort. It may be conducted between investment account holders as providers of funds and the bank as mudarib. The bank announces its willingness to accept the funds of investment account holders, the sharing of profits being as agreed between the two parties. In the latter cases, such losses would be borne by the Islamic bank. A Mudaraba contract may also be concluded between the bank as a provider of funds, on behalf of itself or on behalf of investment account holders, and business owners, including farmers, traders etc.

Notes to the Financial Statements - continued

4.5 Ijarah

Ijara-wa-Iqtina is a contract of the use of an asset for an agreed period in return to for a consideration paid on agreed intervals. The lessor or Muajir, is the owner of the asset and the lessee or Mustajir, uses the asset. The lessor temporarily transfers its usufruct to the lesseefor a rental and therefore for the agreed period and the lessee uses the assets and derived the benefits therefrom.

In full compliance with the provisions of Shari'ah in recognition and measurement of Ijarah financing contracts, the periodic lease rentals receivable are treated as rental income during the year they occur and charge thereon is included in operating expenses while initial direct cost incurred are written off to the income statement in the year they are incurred.

Operating Ijarah:

Ijarah contracts that do not end up with the transfer of ownership of leased assets to the lessee.

Finance Ijarah (Munahia Bittamleek):

Ijarah contracts which end up with the transfer of ownership of leased assets from the Bank (Lessor) to the customer (lessee).

4.6 Sukuk(Bonds) - measured at FVOCI

These are investment sukuk that represent ownership of units of equal value in the Mudaraba equity and are registered in the names of holders on the basis of undivided ownership of shares in the Mudaraba equity and its returns according to the percentage of ownership of the share. The owners of such sukuk are the rabbul-mal.

(b) Musharaka sukuk:

These are investment sukuk that represent ownership of Musharaka equity. It does not differ from the Mudaraba sukuk except in the organization of the relationship between the party issuing such sukuk and holders of these sukuk, whereby the party issuing sukuk forms a committee from the holders of the sukuk who can be referred to in investment decisions.

(c) Ijarah Sukuk:

These are Sukuk that represent ownership of equal shares in a rented real estate or the usufruct of the real estate. These sukuk give their owners the right to own the real estate, receive the rent and dispose of their sukuk in a manner that does not affect the right of the lessee, i.e. they are tradable. The holders of such sukuk bear all cost of maintenance of, and damage to the real estate.

(d) Salam or Istisna'a Sukuk:

These are Sukuk that represent a sale of a commodity on the basis of deferred delivery against immediate payment. The deferred commodity is a debt in-kind against the supplier because it refers to a commodity which is accepted based on the description of the seller. The Istisna'a Sukuk are similar to Salam sukuk, except that it is permissible to defer payment in an Istisna'a transaction, but not in a Salam. In both Salam and Istisna'a, the subject-matter of the sale is an obligation on the manufacturer or builder in the case of Istisna'a and the seller in the case of Salam. Hence, both instruments can neither be sold nor traded before their maturity date if either the buyer or the seller of the commodity issues them. Accordingly, these sukuk are treated as investments held to maturity.

Sukuk:

Investment Sukuk are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity, however, this is true after receipt of the value of the Sukuk, the closing of subscription and the deployment of funds received for the purpose for which the Sukuk is issued.

Notes to the Financial Statements - continued

Amortised cost:
The amortised cost of an instrument is the amount at which the financial asset is measured at initial recognition minus capital/redemption repayments, plus or minus the cumulative amortisation using the effective return rate method of any difference between that initial amount and the maturity amount, and minus in reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective return rate method is a method of calculating the amortised cost of a financial asset and of allocating the finance income over the relevant period. The effective return rate is the rate that exactly equates the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the asset. When calculating the effective returns rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument, but shall not consider future credit losses. This calculation includes all fees and amounts paid or received between parties of the contract that are an integral part of the effective returns rate, transaction costs, and all other premiums and discounts.

4.7 Inventories
Inventories include assets of finished goods held by the Bank for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value and include other costs incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

4.8 Gold Bullion Stocks:
Gold bullion represents stock of refined gold held for sale. Monthly mark-to-market are done on the stocks and the market impact adjusted in line with the provisions of inventories accounting.

5 The use of return rate:
Modern business is conducted with Profit as the foundation in setting up pricing and valuation. Non interest Banking prohibits the use of interest. This may have a pervasive effect on accounting for financial instruments, especially on recognition and subsequent measurement. The application of Capital Asset Pricing Model (CAPM) in pricing financial instruments contains parameter which is fixed, the risk free Profit rate which is regarded as riba. The model must relates the instruments with underlying real business to avoid trading on papers only which is believed to be riba.

Notes to the Financial Statements - continued

(i) Financial Instruments (FI):

In Non interest Banking, Financial Instruments (FI) must directly relate to underlying business. Price changes in the instruments are directly attributable to the changes in the value of underlying business and perhaps also changes in the value of competing assets. Theoretically, Non Profit Financial Instruments will not change due to merely changes in returns rate since changes in returns rate are not necessarily driven by changes in the real sector or underlying business. FI in Non Profit Banking is more a proof of ownership of a business instead of merely representing claim to cash flows. E.g. Sukuk-Ijarah gives a fixed cash flows, since assets financed by the bond generates fixed rental revenue as well. Certificate of Deposit is only tradeable after initial offering and after proven that the proceeds have been invested in a real sector. FI should relate directly to real sector to prohibit trading on papers only.

(ii) Hamish Jiddiya:

Hamish Jiddiya is a security deposit payment as a commitment fee and promise to purchase. If the buyer withdraws from the contract to purchase, the seller can demand compensation for the actual damage, if the hamish deposit is higher than the actual loss, the buyer receives the difference back, if the actual damage is higher, the the seller can demand additional compensation to the extent of the difference above the hamish deposit. Hamish can also be applied as a payment of instalment.

(iii) Wakala:

Wakala is an agency where a Wakeel - a representative is appointed to undertake transactions on behalf of the principal ‘Muwakkil’. The agency law or Wakala law is to facilitate exchanges in economic activities. The fundamental principle of Wakala is the delegated authority from the ‘Muwakkil’ (principal) to the ‘wakil’ (agent). Where the income is quantifiable and contractually determined at the commencement of the contract, income is accrued and recognized on a time-apportioned basis over the year of the contract based on the principal amounts outstanding.

Notes to the Financial Statements - continued

	In thousands of Naira	12 Months to 31-Dec-24	6 Months to 31-Dec-23
6	**Income from Financing Operations**		
	Income from Ijara transactions	718,053	349,189
	Income from Murabaha (Cost-Plus) contracts	6,227,473	2,435,065
	Income from financing activities - others	15,778	-
	Istisna Profit Corporate	644	-
	Total Income from Financing contracts	**6,961,948**	**2,784,254**
6.1	**Income from investment in Sukuk Securities (measured using effective return rate)**	**31-Dec-24**	**31-Dec-23**
	Income from investment in Sukuk Securities	10,539,845	2,641,994
	Total - Income from investment in Sukuk Securities	**10,539,845**	**2,641,994**
6.2	**Income from other Investing Activities**	**31-Dec-24**	**31-Dec-23**
	Income from Other Treasury Operations	3,676,401	400,052
	Income from Musharaka Investment	89,370	25,905
	Income from direct commodity trading	1,781,767	251,251
	Other Market Instruments Income	81,874	-
	Total Income from other Investing Activities	**5,629,411**	**677,208**
7	**Impairment on Sukuk, Financing & Investment Contracts**		
	Impairment Expense	**31-Dec-24**	**31-Dec-23**
	Investment & Financing impairment:		
	Impairment on finance facilities - Corporate	391,892	400,584
	Impairment on finance facilities - Individual	104,741	197,188
	Impairment on Guarantees and Letter of Credit	80,156	6,148
	Impairment on Commodity Murabaha Stocks	-	12,155
	Impairment on securities - Sukuk	(67,881)	151,101
	Impairment charges on other marketing instruments	2,921	-
	Impairment charges on other assets	22,457	-
	Allowance no longer required - Corporate	(251,499)	(406,061)
	Allowance no longer required - Individual	(272,020)	(114,368)
		10,767	**246,747**

The table below shows the ECL charges on financial instruments for the year ended 31 December 2024 recorded in profit or loss:

		31-Dec-24	31-Dec-23
8	**Returns to Investors and Funders**		
	Returns to Investment Account Holders	6,317,338	1,640,510
	Returns to Islamic Development Bank	2,682,359	737,415
	Total Returns to Investors and Funders	**8,999,697**	**2,377,925**

i Return to investment account holders represent *share of profit to the investors (Mudarabah depositors) on their investment on the pre-agreed sharing ratio (rate).*

ii Return to Islamic development bank represents returns paid on financing deposits.

Notes to the Financial Statements - continued

In thousands of Naira		12 Months to 31-Dec-24	6 Months to 31-Dec-23
9	**Fees and commission income**		
	E-business commission and fees (Note 9i)	1,723,722	180,093
	Commissions on Letter of Credits (LCs) / Trade Finance	445,242	25,402
	Agency - (Wakala) Commission (Note 9ii)	734,875	1,530,000
	Total fees and commission income	**2,903,839**	**1,735,495**

i Fee and commission income is disaggregated above and includes total fees in scope of IFRS 15, Revenues from Contracts with Customers:

ii Wakala commission refers to commissions earned on agency (Wakala) contract on the sale of grains in Nigeria.

		31-Dec-24	31-Dec-23
10	**Other operating income**		
	Rental Income	115,732	81,746
	Miscellaneous Income (note 10i)	1,629,968	1,847,975
	Gains from Disposal (note 10ii)	7,617,691	441,917
	FC Reval Gain / (Loss)	358,209	-
	Bad Debts Recovery	3,451	-
	Total Other operating income	**9,725,052**	**2,371,638**

i *The miscellaneous income include other income returned cheques charges, counter cheque charges, statements and certificates charges, cash withdrawal charges, RTGS service fee, Telex charges DOM transfer, NIP transfer fee, other fees.*

ii *Gains on disposal comprises of gains on investment property which is reported in line with IAS 40, gains on disposal of the property, plant and equipment which has been treated in accordance with IAS 16 and disposal on other related assets.*

Notes to the Financial Statements - continued

In thousands of Naira	12 Months to 31-Dec-24	6 Months to 31-Dec-23
11 Personnel Expenses		
Salaries & Wages	3,825,687	2,467,419
Defined Pension Contribution	159,414	48,333
NSITF expenses	31,037	-
	4,016,138	**2,515,752**

12 Depreciation and Amortisation	**31-Dec-24**	**31-Dec-23**
Depreciation of property, plant and equipment (see note 30)	340,694	65,473
Depreciation investment property (see note 28)	40,336	28,640
Depreciation on right of use asset (see note 29)	154,451	-
Amortisation of Intangible assets (see note 31)	53,693	19,941
	589,173	**114,054**

13 Operating expenses	**31-Dec-24**	**31-Dec-23**
Training and seminar expenses	167,575	31,282
Other staff expenses	4,493,265	298,766
NDIC Premium charge	439,373	136,689
Directors Fees & Board Expenses	191,780	105,739
Audit Fee*	64,000	37,625
Shariah Advisor Charges	35,087	12,514
Interbank Mudaraba Expense	19,891	-
Lease expense**	249,423	-
Fines & Penalties	2,000	
Other Operating expense (See Note 13.1)	5,632,880	1,601,458
	11,295,274	**2,224,073**

* The external auditor did not render any non-audit service to the bank during the year ended 31 December 2024.

** Lease expense relates to the Right of Use (RoU) on leased office space.

13.1 Other Operating expenses	**31-Dec-24**	**31-Dec-23**
Directors fees and allowances	24,776	72,292
Maintenance of Investment Property	1,092	4,098
Other expenses	298,013	114,880
Printing and stationeries	79,223	20,473
Promotional Expenses	1,206,817	415,905
Repair and Maintenance	600,036	781,739
General Insurance & related charges	210,888	14,522
Shared service cost*	1,168,478	27,243
Travel and Entertainment	329,012	67,371
Professional and Consultancy	294,521	78,118
Corporate Social Responsibility	31,580	4,817
Canteen Expense	321,842	-
Service Contracts	250,867	-
ITF expenses	64,659	-
IT and Software Expenses	751,077	-
	5,632,880	**1,601,458**

* *Shared service costs represents the cost of services enjoyed by AltBank from the Group.*

Notes to the Financial Statements - continued

In thousands of Naira

Income tax - continued

14 Reconciliation of total tax charge	31-Dec-24		31-Dec-23	
	%		%	
Profit before income tax expense	100%	10,431,715	100%	2,652,748
Income payable @ statutory tax rate of 30%	30%	3,126,140	30%	795,824
Tax effect of:				
Non-deductible expenses	11%	1,171,582	11%	299,343
Tax- exempt Income	-44%	(4,559,674)	-60%	(1,580,475)
Education tax			0%	-
Capital gains tax	0%	-		-
Nigeria Police Trust Fund	0%	521	0%	133
National Agency for Science and Engineering Infrastructure Act Levy	0%	26,051	0%	6,632
Information Technology Levy (NITDA)	1%	104,205	1%	26,527
Impact of differences in tax rates	3%	298,553		663,234
Minimum tax	2%	178,800	2%	51,053
Tax on dividend paid basis				
Effective tax rate/ Income tax expense	3%	346,178	10%	262,272

i The Companies Income Tax Act (CITA) in Nigeria requires companies having more than N100 Million Naira turnover to pay income tax at the rate of 30% of their taxable profits. Where the company does not have a taxable profit or where the income tax on the taxable profit is lower than the prescribed minimum tax, the minimum tax shall apply. Minimum tax in Nigeria is assessed at the rate of 0.5% of the turnover.

Due to unutilized tax losses and unclaimed capital allowance, the Alternative Bank has no taxable profit for the year ended 31 December 2024, as a result, was assessed to minimum tax for the period under review. The minimum tax charge for the period was N178.8million.

ii The basis of the Education Tax is 3% of assessable profit which is nil for the year under review (2023: nil). Education Tax is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country.

iii The National Information Technology Development Agency Act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to the National Information Technology Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate.

iv Capital gains tax is levied on capital gains arising from sales of qualifying property, plant and equipment. The Bank had a capital gain tax of N43,675,000 during the period under review.

Notes to the Financial Statements - continued

v Section 4 of the Nigeria Police Trust Fund (Establishment) Act 2019 stipulates that companies operating in Nigeria shall contribute 0.005% of their profit before tax to the Nigeria Police Trust Fund. The Act establishing the Fund will be in force for 6 years from the year of establishment. In line with the Act, the Bank has provided for Police Trust Fund levy at the specified rate.

vi National Agency for Science and Engineering Infrastructure Act (Cap N3 LFN 2004) stipulates that commercial companies and firms with income or turnover of N100 million and above are required to contribute 0.25% of their profit before tax (the Levy), into the Fund.

vii Deferred tax assets and liabilities

In thousands of Naira	01-Jan-24	Recognised in profit or loss	31-Dec-24
Property, plant and equipment, Intangible assets, Investment properties and Other Investments	629,690	875,260	1,504,950
Unutilized tax credit (Capital allowance)	(463,606)	(574,337)	(1,037,943)
Tax loss	(419,789)	(19,927)	(439,716)
Provisions	295,924	(244,397)	51,527
	42,219	36,601	78,818

In thousands of Naira	01-Jul-23	Recognised in profit or loss	31-Dec-23
Property, plant and equipment, Intangible assets, Investment properties and Other Investments	-	629,690	629,690
Unutilized tax credit (Capital allowance)	-	(463,606)	(463,606)
Tax loss	-	(419,789)	(419,789)
Provisions	-	295,924	295,924
	-	42,218	42,218

Notes to the Financial Statements - continued

In thousands of Naira		12 Months to	6 Months to
14	Contd	31-Dec-24	31-Dec-23
(viii)	**Current income tax expense:**		
	Companies Income tax	178,800	51,053
	Education tax	-	-
	Capital Gains Tax	-	-
		178,800	**51,053**
	Information Technology levy	104,205	26,527
	Nigeria Police Trust Fund levy	521	133
	National Agency for Science and Engineering Infrastructure levy	26,051	6,632
		309,577	**84,345**
	Deferred tax expense:		
	Origination of temporary differences	36,601	177,925
	Prior period under provision of capital gains tax	-	-
	Total income tax expense	**346,178**	**262,270**
(ix)	**Windfall Levy**		
	Windfall Levy- 2023 Financial Year	3,192	-
	Windfall Levy- 2024 Financial Year	4,256	-
	Total income tax expense	**7,449**	**-**
(x)	**Current income tax payable**		
	follows:		
	Balance at beginning of the year	51,053	-
	Estimated charge for the year	309,577	51,053
	Prior period under/(excess) provision	-	-
	Balance at end of the year	**360,630**	**51,053**
(xi)	**Windfall Levy Payable**		
	follows:		
	Balance at beginning of the year	-	-
	Estimated charge for the year	7,449	-
	Payments during the year	-	-
	Balance at end of the year	**7,449**	**-**

The windfall levy was introduced by Finance (Amendment) Act 2025 signed by the President on 13 August 2024.The levy is applicable to banks that are licensed to carry out foreign exchange transactions. It is payable from 2023 to 2025 financial years based on 70% of realized profits from all foreign exchange transactions. The levy due from the Bank for 2023 and 2024 financial year is N7,449,000.

15 Earnings Per Share (EPS): Basic & Diluted

The calculation of basic earnings per share for the year ended 31 December 2024 was based on the profit attributable to ordinary shareholders as at the reporting date.

	31-Dec-24	31-Dec-23
Issued Ordinary Shares as at 31 December 2024 in number (In thousands of units)	20,000,000	20,000,000
Profit attributable to equity shareholders of the Bank (In thousands of naira)	10,078,088	4,780,956
Basic EPS (in Kobo)*	50	24

* EPL for 2023 was calculated on annualized Profit attributable to Equity Shareholders.

Notes to the Financial Statements - continued

	In thousands of Naira	12 Months to 31-Dec-24	6 Months to 31-Dec-23
16	**Cash and Bank balances**		
	Cash and Bank with Other Banks	32,709,088	60,032,957
	Unrestricted balances with Central Bank of Nigeria	1,000	1,000
	Cash Reserve Requirement	61,181,212	-
	Interbank Mudaraba – Placement	3,000,000	-
		96,891,300	**60,033,957**

i Cash and Bank represents balances of RTGS with CBN and Operating Accounts with Sterling Bank Ltd.

ii	**Analysis of cash and bank balances**		
	Teller Cash	-	95
	Vault - Notes	353,911	24,980
	RTGS ACCOUNT	2,457,185	12,006,859
	Nostro-Local Banks	29,897,992	48,001,023
	Unrestricted balances with Central Bank of Nigeria	1,000	1,000
	Cash Reserve Requirement	61,181,212	-
	Interbank Mudaraba – Placement	3,000,000	-
		96,891,300	60,033,957
17	**Due from other Commercial Banks**		
	Qard Placement with Sterling Bank Ltd	13,941,000	**19,987,590**
18	**Investment - Commodity Stocks**		
	Istisna	1,060,523	1,704,023
	Murabaha Product	2,808,611	3,910,254
	Commodity Mudarabah	21,824,575	3,104,870
	Facilities to corporate entities and other organizations - Investment	1,423,852	-
		27,117,561	8,719,147
	Impairment on investment - Commodity Stocks	(62,155)	(62,155)
	Net Commodity Murabaha Products	**27,055,406**	**8,656,992**
19	**Investment In Gold**		
	Gold Bullion	2,482,471	1,783,733
	Gold Coins	-	44,395
	Total Investment on Gold Bullion	**2,482,471**	**1,828,128**

Investment in Gold represent g*old bullion stocks owned by the Bank and accounted for under IAS 2, "Inventories".*

		31-Dec-24	**31-Dec-23**
20	**Accounts Receivable**		
	Account Recievables	1,228,998	1,201,458
	Account Recievables - Others	-	235,092
	Total Accounts Receivable	**1,228,998**	**1,436,550**

Notes to the Financial Statements - continued

20	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	31-Dec - 2024 Total
	As at 1 January 2024	1,201,458	-	-	1,201,458
	New assets originated or purchased	27,540	-	-	27,540.17
	Assets derecognised or repaid (excluding write offs)	-	-	-	-
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
	Amounts written off	-	-	-	-
	Foreign exchange adjustments	-	-	-	-
	At 31 December 2024	1,228,998	-	-	1,228,998

20	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	31-Dec 2023 Total
	Balance at Start	1,436,550	-	-	1,436,550
	New assets originated or purchased	-	-	-	-
	Assets derecognised or repaid (excluding write offs)	-	-	-	-
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
	Amounts written off	-	-	-	-
	Foreign exchange adjustments	-	0	0	-
	Balance at End	1,436,550	-	-	1,436,550

21	**Hala Portfolio Investment**	**31-Dec-24**	**31-Dec-23**
	Portfolio Investments measured at (FVOCI)	5,355,975	4,163,533

Ltd.

In thousands of Naira	12 Months to 31-Dec-24	6 Months to 31-Dec-23
22 Investment in Sukuk	**31-Dec-24**	**31-Dec-23**
FGN Sukuk	45,609,062	30,468,038
KATSINA Sukuk	711,859	835,696
PURPLE Sukuk	260,921	253,762
GOMBE Sukuk	193,851	223,001
IILM (International Islamic Liquidity Management)	18,520,723	-
Infrafund Sukuk	517,693	-
	65,814,110	31,780,497
Impairment on investment - Sukuk at amortised costs	(19,632)	-
	65,794,477	31,780,497
Investment in Sukuk measured at amortised cost		
IILM (International Islamic Liquidity Management)	18,520,723	-
Katsina Sukuk	711,859	835,696
Purple Sukuk	260,921	253,762
Gombe Sukuk	193,851	223,001
Infrafund Sukuk	517,693	-
	20,205,048	1,312,459
Impairment on investment - Sukuk at amortised costs	(19,632)	-
	20,185,415	1,312,459
Investment in Sukuk measured at (FVOCI)		
FGN Sukuk	45,609,062	30,468,038
Total of Sukuk Securities	**65,794,477**	**31,780,497**

22 Investment in Sukuk measured at (FVOCI) — **31-Dec-2024**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	30,468,038	-	-	30,468,038
New assets originated or purchased	35,150,852	-	-	35,150,852
Assets derecognised or repaid (excluding write offs)	(19,653,839)	-	-	(19,653,839)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Fair value adjustments	(355,989)			(355,989)
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	45,609,062	-	-	45,609,062

22 Investment in Sukuk measured at amortised cost — **31-Dec-2024**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	1,312,459	-	-	1,312,459.00
New assets originated or purchased	19,019,398	-	-	19,019,398
Assets derecognised or repaid (excluding write offs)	(146,442)	-	-	(146,442)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	20,185,415	-	-	20,185,415

22 Investment in Sukuk measured at (FVOCI) — **31-Dec-2023**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 July 2023 - Transfer in	36,015,852	-	-	36,015,852
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(5,547,813)	-	-	(5,547,813)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	30,468,039	-	-	30,468,039

22 Investment in Sukuk measured at amortised cost — **31-Dec-2023**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 July 2023 - Transfer in	1,551,440	-	-	1,551,439.88
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(238,981)	-	-	(238,980.84)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	1,312,459	-	-	1,312,459

Notes to the Financial Statements - continued

22 Investment in Sukuk measured at (FVOCI) — 31-Dec-2024

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	101,101	-	-	101,101
New assets purchased	49,970	-	-	49,970
Assets derecognised or matured (excluding write offs)	(137,483)	-	-	(137,483)
At 31 December 2024	13,588	-	-	13,588

22 Investment in Sukuk measured at amortised cost — 31-Dec-2024

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	-	-	-	-
New assets purchased	45,087	-	-	45,087
Assets derecognised or matured (excluding write offs)	(25,455)	-	-	(25,455)
At 31 December 2024	19,632	-	-	19,632

22 Investment in Sukuk measured at (FVOCI) — 31-Dec-2023

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2023 - Transfer in	-	-	-	-
New assets purchased	117,669	-	-	117,669
Assets derecognised or matured (excluding write offs)	(16,568)	-	-	(16,568)
At 31 December 2023	101,101	-	-	101,101

22 Investment in Sukuk measured at amortised cost — 31-Dec-2023

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2023 - Transfer in	-	-	-	-
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2023	-	-	-	-

	In thousands of Naira	31-Dec-24	31-Dec-23
23	**Financing Assets - Facilities to customers**		
	Facilities to corporate entities and other organizations	37,008,938	29,473,696
	Facilities to individuals	5,438,000	4,776,071
		42,446,938	34,249,767
	Less:		
	Impairment allowance on Facilities to corporate entities	(694,541)	(555,874)
	Impairment allowance on Facilities to individuals	(405,583)	(571,136)
	Individual impairment allowance	-	0
	Collective impairment allowance	-	0
		41,346,814	33,122,757

23.1 Facilities to corporate customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 37 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

	31-Dec-24			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	102,010	-	-	102,010
RR3-RR4	34,404,849	-	-	34,404,849
RR5-RR6	-	1,418,639	-	1,418,639
RR7	-	-	358,313	358,313
RR8	-	-	14,995	14,995
RR9	-	-	710,133	710,133
Total	**34,506,858**	**1,418,639**	**1,083,441**	**37,008,938**

Notes to the Financial Statements - continued

	31-Dec-23			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	-	-	-	-
RR3-RR4	27,326,667	-	-	27,326,667
RR5-RR6	634,879	675,990	-	1,310,869
RR7	-	-	141,124	141,124
RR8	-	-	220,846	220,846
RR9	-	-	474,189	474,189
Total	27,961,546	675,990	836,160	29,473,696

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate financing is, as follows:

	31-Dec-24			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	27,961,546	675,990	836,160	29,473,696
New assets originated or purchased	18,349,845	-	-	18,349,845
Assets derecognised or repaid (excluding write offs)	(10,403,194)	(314,705)	(96,704)	- 10,814,603
Transfers to Stage 1	24,308	(24,308)		-
Transfers to Stage 2	(1,278,834)	1,278,834		-
Transfers to Stage 3	(146,812)	(197,172)	343,985	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**34,506,858**	**1,418,639**	**1,083,441**	**37,008,937**

In thousands of Naira	Stage 1	Stage 2	Stage 3	31 Dec-2023 Total
As at 1 July 2023 - Transfer in	21,980,141	1,519,222	856,570	24,355,933
New assets originated or purchased	7,627,903	-	-	7,627,903
Assets derecognised or repaid (excluding write offs)	(1,269,752)	(885,850)	(268,977)	(2,424,579)
Transfers to Stage 1	102,593	(102,156)	(437)	-
Transfers to Stage 2	(413,225)	413,225	-	-
Transfers to Stage 3	(66,114)	(268,452)	334,566	-
Changes to contractual cash flows due to modifications	-	-	-	-
Amounts written off	-	-	(85,561)	(85,561)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	27,961,546	675,990	836,161	29,473,696

	31-Dec-2024			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	160,015	22,317	373,542	555,874
New assets originated or purchased	34,100			34,100
Assets derecognised or repaid (excluding write offs)	(38,514)	(11,658)	(10,076)	(60,248)
Transfers to Stage 1	1	(1)	-	(0)
Transfers to Stage 2	(55,326)	55,326	-	(0)
Transfers to Stage 3	(93,040)	(118,192)	211,232	0
Impact on year end ECL of exposures transferred between stages during the period	96,522	110,343	(42,051)	164,815
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	
At 31 December 2024	**103,758**	**58,135**	**532,647**	**694,542**

	31-Dec-2023			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 July 2023 - Transfer in	146,367	17,475	483,072	646,914
New assets originated or purchased	1,819	-	-	1,819
Assets derecognised or repaid (excluding write offs)	(357,909)	(9,722)	(38,430)	(406,061)
Transfers to Stage 1	456	(456)	-	-
Transfers to Stage 2	(13,083)	13,083	-	-
Transfers to Stage 3	(30,879)	(125,277)	156,156	-
Impact on year end ECL of exposures transferred between stages during the period	413,244	127,213	(141,694)	398,763
Amounts written off	-	-	- 85,561	(85,561)
Foreign exchange adjustments	-	-	-	
At 31 December 2023	**160,015**	**22,317**	**373,542**	**555,874**

23.2 Facilities to Individuals

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank’s internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank’s internal grading system are explained in Note 37 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

	31-Dec-24			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	53,031	-	-	53,031
RR3-RR4	4,466,186	-	-	4,466,186
RR5-RR6	-	242,907	-	242,907
RR7	-	-	80,379	80,379
RR8	-	-	27,003	27,003
RR9	-	-	568,495	568,495
Total	4,519,216	242,907	675,877	5,438,000

	31-Dec-23			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	-	-	-	-
RR3-RR4	3,581,775	-	-	3,581,775
RR5-RR6	69,873	316,038	-	385,911
RR7	-	-	93,052	93,052
RR8	-	-	273,322	273,322
RR9	-	-	442,010	442,010
Total	3,651,648	316,038	808,384	4,776,071

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual financing is, as follows:

	31-Dec-24			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	3,651,649	316,038	808,384	4,776,071
New assets originated or purchased	900,467	15,204	418	916,089
Assets derecognised or repaid (excluding write offs)	(28,284)	(80,302)	(145,574)	(254,160)
Transfers to Stage 1	51,202	(29,235)	(21,967)	-
Transfers to Stage 2	(52,900)	53,241	(341)	(0)
Transfers to Stage 3	(2,917)	(32,040)	34,957	-
Changes to contractual cash flows due to modifications	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**4,519,216**	**242,907**	**675,877**	**5,438,000**

	31-Dec-23			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 July 2023 - Transfer in	3,962,434	341,198	902,043	5,205,674
New assets originated or purchased	357,024	422	15,539	372,985
Assets derecognised or repaid (excluding write offs)	(570,374)	(94,682)	(99,656)	(764,712)
Transfers to Stage 1	21,386	(3,765)	(17,621)	-
Transfers to Stage 2	(86,143)	95,292	(9,149)	-
Transfers to Stage 3	(32,677)	(22,427)	55,104	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	(37,876)	(37,876)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	3,651,649	316,038	808,384	4,776,072

In thousands of Naira				31-Dec-24
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024	151,422	42,574	377,140	571,136
New assets originated or purchased	2,898	562	266	3,725
Assets derecognised or repaid (excluding write offs)	(12,217)	(2,053)	(20,013)	- 34,283
Transfers to Stage 1	103	(101)	(2)	0
Transfers to Stage 2	(769)	769	-	0
Transfers to Stage 3	(1,534)	(12,067)	13,601	- 0
Impact on year end ECL of exposures transferred between stages during the period	(132,311)	(28,674)	25,990	- 134,996
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not res	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	7,591	1,010	396,982	405,583

In thousands of Naira	31-Dec-23			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 July 2023 - Transfer in	90,072	49,951	386,168	526,191
New assets originated or purchased	138,305	20	47,610	185,935
Assets derecognised or repaid (excluding write offs)	(49,784)	(25,182)	(39,401)	(114,367)
Transfers to Stage 1	815	(73)	(742)	-
Transfers to Stage 2	(12,724)	13,302	(578)	-
Transfers to Stage 3	(15,262)	(10,474)	25,736	-
Impact on year end ECL of exposures transferred between	-	15,030	(3,777)	11,253
Amounts written off	-	-	(37,876)	(37,876)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	151,422	42,574	377,140	571,136

	In thousands of Naira	31-Dec-24	31-Dec-23
23.3	**Classification of Facilities by rating**		
	Rating		
	RR1-RR2	155,040	-
	RR3-RR4	38,871,034	30,908,442
	RR5-RR6	1,661,545	1,696,780
	RR7	438,693	234,176
	RR8	41,997	494,168
	RR9	1,278,628	916,199
		42,446,938	**34,249,767**

23.4	**Classification of Facilities by security**	**31-Dec-24**	**31-Dec-23**
	Cash	155,040	142,787
	Real estate	8,608,853	3,402,547
	Stocks/shares	-	17,688,673
	Debentures	9,885,460	165,515
	Other securities	23,797,585	12,850,245
	Unsecured	-	-
		42,446,938	**34,249,767**

Other securities includes domiciliation of proceeds, personal guarantees, negative pledge, etc.

In thousands of Naira	31-Dec-24	31-Dec-23
23.5 Classification of Facilities by sector		
Agriculture	6,436,091	6,777,174
Communication	48,569	75,852
Consumer	3,496,284	2,564,497
Education	179,875	72,892
Finance & insurance	616,674	165,515
Manufacturing	7,244,881	3,005,709
Mortgage	2,498,026	2,521,126
Oil & gas	162,269	29,963
Others	15,992,810	10,935,287
Real Estate & Construction	4,049,008	1,977,342
Transportation	1,722,450	6,124,411
	42,446,938	**34,249,767**

Notes to the Financial Statements - continued

	In thousands of Naira	12 Months to 31-Dec-24	6 Months to 31-Dec-23
24	**Other Market Instruments**		
	Other Market Instruments	1,000,001	-
	Profit Receivable Other Market Instrument	81,874	-
		1,081,875	**-**
i	Other Market Instruments are real estate notes investments in Mordern Shelter and Sultiva Wakala Sukuk.		

	In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
24	As at 1 January 2024	-	-	-	-
	New assets originated or purchased	1,081,875	-	-	1,081,875
	Assets derecognised or repaid (excluding write offs)	-	-	-	-
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
	Amounts written off	-	-	-	-
	Foreign exchange adjustments	-	-	-	-
	At 31 December 2024	1,081,875	-	-	1,081,875

					31-Dec-2023
24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	As at 1 January 2023	-	-	-	-
	New assets originated or purchased	-	-	-	-
	Assets derecognised or repaid (excluding write offs)	-	-	-	-
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
	Amounts written off	-	-	-	-
	Foreign exchange adjustments	-	-	-	-
	At 31 December 2023	-	-	-	-

					31-Dec-2024
24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	ECL allowance as at 1 January 2024	-	-	-	-
	New assets purchased	2,921	-	-	2,921
	Assets derecognised or matured (excluding write offs)	-	-	-	-
	At 31 December 2024	2,921	-	-	2,921

					31-Dec-2023
24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	ECL allowance as at 1 July 2023	-	-	-	-
	New assets purchased	-	-	-	-
	Assets derecognised or matured (excluding write offs)	-	-	-	-
	At 31 December 2023	-	-	-	-

		31-Dec-24	31-Dec-23
25	**Other Investments - Musharaka**		
	Musharaka Investment	4,151,119	1,403,707
	Less: Impairment	-	(50,000)
	Total Musharaka Investment	**4,151,119**	**1,353,707**

Notes to the Financial Statements - continued

26	**Investment in Unquoted Equity**	**31-Dec-24**	**31-Dec-23**
	Investment in unquoted Equities	3,109,044	3,628,065
	Fair value adjustment	(452,361)	-
		2,656,682	**3,628,065**
	Investments in unquoted Equities at fair value through other comprehensive income (FVOCI)		
	Investment in Equity - Binkabi	1,000	1,000
	Equity Mudarabah Tremendoc Ltd	2,390,858	2,218,437
	Mudarabah -Helathtracka	338,594	328,805
	Equity Mudarabah -E Purse	1,479	1,480
	Altschool Investment	377,113	273,865
	Corp. Venture - SIV Ltd	-	804,478
	Fair value adjustment	(452,362)	-
	Total Investments in unquoted Equities	**2,656,682**	**3,628,065**

27	**Other Assets**		
	Prepayment- Stocks	199,798	205,893
	Settlement Account Balances	18,176,039	893,496
	Prepaid expenses	1,335,701	512,893
	Other Receivable	939,326	1,645,441
	Inventory- POS Terminals	573,131.99	-
		21,223,996	**3,257,723**
	,	(193,637)	(171,180)
	Total	**21,030,359**	**3,086,543**

* Settlement account balance represent i*nterbank clearing of E-channels platforms with Sterling Bank Limited.*

27.1	**Movement in Impairment of Other Assets:**		
	Balance as at period start	171,180	-
	Transfer In at Carved-Out	-	171,180
	Charged for the year	22,457	-
	Balance as at period end	**193,637**	**171,180**

28	**Investment Property**		
	Cost		
	Balance as at period start	5,087,970	5,807,970
	Additions	258,392	-
	Disposal	(1,081,722)	(720,775)
	Balance as at period end	4,264,640	5,087,195
	Accumulated depreciation and impairment		
	Balance as at period start	226,726	273,255
	Charges for the period	40,336	28,640
	Disposal	(38,472)	(5,168)
	Balance as at period end	228,590	296,727
	Carrying Amount	**4,036,050**	**4,790,468**

The fair value of the Bank’s investment property at 31 December 2024 was determined by independent, appropriately qualified external valuer - Oladapo Olaiya (FRC/2013/NIESV/00000004238) of Dapo Olaiya Consulting (FRC/2013/0000000000569). The entity maintains a valuation policy of three years (3 year) life in its investment properties assets in line with the policy of the bank. The total valuation amount stood at N4b.

The method of valuation adopted is the sales comparism and investment method.

The investment property is accounted for in line with the provisions of IAS 40 - Cost Method and the Central Bank of Nigeria guidelines.

In thousands of Naira

	31-Dec-24	31-Dec-23
Rental income from investment property (See note 10)	115,732	81,746
Direct operating expenses - Maintenance of Investment Property (see note 13.1)	1,092	4,098
	116,824	**85,844**

29 Right-of use (ROU) asset	31-Dec-24	31-Dec-23
Cost		
Balance as at period start	-	-
Additions	3,590,942	-
Disposal	-	-
Balance as at period end	3,590,942	-
Depreciation		
Balance as at period start	-	-
Charges for the period	154,451	-
Disposal	-	-
Balance as at period end	154,451	-
Carrying Amount		
Balance as at period end	**3,436,491**	**-**

i The right-of use (ROU) asset arose due to lease contracts that meets the recognition criteria in line with IFRS 16 occasioned by the expansion the bank's operations; the bank entered into lease contracts during the current financial year.

Notes to the Financial Statements - continued

30 Property, plant and equipment

The movement during the period was as follows:

	Leasehold Improvement	Office Furniture and fittings	Computer Equipment	Motor Vehicles	Equipment in Use (Farm Mech)	Capital Work in Progress	Total
Cost							
Balance as at 1 July 2023	45,727	53,802	206,061	174,477	449,217	2,208,630	3,137,914
Additions	-	91,580	82,302	239,757	1,516,799	3,960,452	5,890,890
Reclassifications	225	-	-	-	-	(225)	-
Disposals	-	-	-	-	-	-	-
Balance as at 31 December 2023	**45,952**	**145,382**	**288,363**	**414,234**	**1,966,016**	**6,168,857**	**9,028,804**
Balance as at 1 January 2024	45,952	145,382	288,362	414,234	1,966,016	6,168,857	9,028,802
Additions	7,215	273,045	450,023	866,311	-	6,989,120	8,585,714
Reclassifications	317,883	158,346	267,116	(165,925)	36,000	(667,370)	(53,951)
Disposals	-	-	-	(41,200)	-		(41,200)
Balance as at 31 December 2024	**371,050**	**576,772**	**1,005,501**	**1,073,420**	**2,002,016**	**12,490,606**	**17,519,365**
		431,391					
Accumulated depreciation and impairment							
Balance as at 1 July 2023	15,398	23,429	110,437	68,137	45,187	-	262,588
Charge for the period	2,286	4,795	18,407	20,205	19,779	-	65,472
Reclassifications	-	1,633	(1,633)	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31 December 2023	**17,684**	**29,857**	**127,211**	**88,342**	**64,966**	**-**	**328,060**
Balance as at 1 January 2024	17,684	29,857	127,211	88,343	64,966	-	328,061
Charge for the period	9,675	49,610	96,765	145,086	39,558	-	340,694
Disposals	-	-	-	(10,486)	-	-	(10,486)
Balance as at 31 December 2024	**27,359**	**79,467**	**223,976**	**222,942**	**104,524**	**-**	**658,268**
Net book value							
Balance as at 31 December 2024	**343,691**	**497,305**	**781,526**	**850,478**	**1,897,491**	**12,490,606**	**16,861,097**
Balance as at 31 December 2023	**28,268**	**115,525**	**161,152**	**325,892**	**1,901,050**	**6,168,857**	**8,700,744**

i *Farm Mechanization equipments include tractors, harvesters and other equipments maintained for deployment in the farming need of communities for rental payments.*

ii *No item of property,plant and equipment was pledged as security by the bank.*

iii *Reclassification includes capital work in progress of N53,950,000 reclassified to intangible assets.*

Notes to the Financial Statements - continued

In thousands of Naira		31-Dec-24	31-Dec-23
31	**Intangible assets**		
	Cost		
	Balance as at period start	584,993	525,341
	Additions	6,090	59,652
	Reclassifications from PPE (capitalised work in progress from PPE)	53,950	-
	Balance as at period end	645,033	**584,993**
	Accumulated depreciation and impairment		
	Balance as at period start	433,901	413,960
	Charge for the period	53,693	19,941
	Balance as at period end	487,594	433,901
	Net book value		
	Balance as at period end	**157,439**	**151,092**

i *Items reclassified were from work-in-progress capitalized (from Plant, Property and Equipment schedule) during the period in respect of computer software.*

32	**Due to other commercial banks**	**31-Dec-24**	**31-Dec-23**
	Due to local banks - Sterling Bank Ltd	3,697,470	8,627,430

33	**Deposits from customers**	**31-Dec-24**	**31-Dec-23**
	Current accounts	112,064,846	57,232,311
	Savings accounts	21,111,323	14,273,071
	Pledged deposits	2,858,979	193,764
	Total Deposits from customers	**136,035,148**	**71,699,146**

i Pledged deposits represent contracted cash deposits with the Bank that are held as security for facilities granted to customers by the Bank.

34	**Due to other financial institutions**	**31-Dec-24**	**31-Dec-23**
	Due to Islamic Development Bank (see 33i)	28,527,457	25,314,751
	Due To Nigeria Mortgage Refinance Company (see 33ii)	-	302,964
		28,527,457	**25,617,715**

i **Due to Islamic Development Bank**

This represents balance on the Naira equivalent of $25m and $10m amortizing Commodity Mudarabah funding payable over 5 years and 3 years respectively, contracted in 2021 and 2023 at 6.21% and 8.78% under the legacy Sterling Bank Plc and transferred to the Bank at Carved-Out.

ii **Due to Nigeria Mortgage Refinance Company Plc**

This represented a Wakalah Bi Istithmar agreement between the Bank and Nigeria Mortgage Refinance Company Plc (NMRC) for NMRC to refinance from time to time Mortgage Wakalah Bi Istithmar originated by the Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The transaction has fully matured in 2024.

Notes to the Financial Statements - continued

		31-Dec-24	31-Dec-23
35	**Intervention Fund**		
	CBN Healthcare Sector	36,433	-

This represents CBN intervention on Health Sector funding to the real sector disbursed through Banks.

		31-Dec-24	31-Dec-23
36	**Other liabilities**		
	Other Payables	6,044,203	1,753,303
	Profit Accrued- Mudaraba others	204,995	309,110
	Deferred Income	3,666,631	2,612,422
	Due to Sterling Bank	17,003,867	18,383,350
	Clearing Suspense	20,604,661	1,434,570
	Sundry Deposit for Collateral	6,819	476,799
	Other Taxes (see note 36ii)	138,226	33,292
	General accrual (see note ii)	206,577	689,314
		47,875,978	**25,692,160**

i *Deposit for shares: The Bank has a N5b (Five Billion Naira Only) injection from the Sterling Financial Holding Company Plc. The capital injection has been approved by Central Bank Bank of Nigeria and is currently awaiting Corporate Affairs Commission approval due to ongoing Capital reconstruction.*

ii General accrual includes audit fees, accrued rent, provisions for performance bonus, and other accrued expenses.

		31-Dec-24	31-Dec-23
iii	**Other Taxes include:**		
	Windfall Levy- 2023 Financial Year (Note 14xi)	3,192	-
	Windfall Levy- 2024 Financial Year (Note 14xi)	4,256	-
	Information Technology Levy	104,205	26,527
	Police Trust Fund Levy	521	133
	National Agency for Science and Engineering Infrastructure Levy	26,051	6,632
	Total of Other Taxes	**138,226**	**33,292**

37	**Lease liability**		
	As at 1 January 2024	-	-
	Additions	**1,331,444**	-
	Lease Expense	249,423	-
	Payments	-	-
	As at 31 December 2024	**1,580,867**	-
	Current	**74,313**	-
	Non-current	**1,506,554**	-

Lease maturity analysis	**Less than 1 year**	**1 - 3 years**	**More than 3 years**	**Total**
As at 31 December 2024				
Lease liability	74,313	1,581,882	-	**1,656,195**
As at 31 December 2023				
Lease liability	-	-	-	-

The lease liability arose from lease contracts entered into by the bank during the period and has been accounted for in line with IFRS 16 Leases.

		31-Dec-24	31-Dec-23
38	**Provisions**		
	Provision for guarantees and letters of credit	86,304	6,148

Notes to the Financial Statements - continued

39	**Equity of Investment Account Holders**	**31-Dec-24**	**31-Dec-23**
	Mudaraba deposit	64,696,862	36,178,766
	Hajj deposit	695,836	126,795
	Hamish Jiddiyah	22,334	1,127
	Equity of Investment Account Holders	**65,415,032**	**36,306,688**

39.1 Unrestricted Investment Accounts -Mudaraba deposit

The Bank operates the Unrestricted type of Mudaraba Investment, in which the Mudarib (the Bank) is authorized by the providers of Funds (Rabb-ul -Mal) to invest their funds in the manner which the Mudarib deems appropriate. Profits are shared as a common Percentage Rate rather than a fixed amount.

Mudaraba deposit is a partnership in profit whereby one party provides capital, and the other party (Mudarib) provides labour.

In Mudaraba, the bank is acting as the Mudarib (entrepreneur) or regarded as trustee (amin) and the fund providers as the Rabb-ul-Mal otherwise called Profit Sharing Investment Account Holders (PSIAHs). Both Investor (fund provider) and bank (Mudarib) agree to embark on a business venture. Fund contributes capital for business operations, while the bank (Mudarib) undertakes responsibility of managing business leveraging their expertise. Mudarabah contract by its nature entails the sharing of profit based on pre agreed ratio between the bank as the mudarib (fund manager) and the Profit Sharing Investment Account Holders (PSIAHs) (as the Rabb-ul -Mal-fund provider) as well as the bearing of losses based on pre agreed profit sharing ratio and the bearing of loss if any by the fund provider except in cases of proven negligence, misconduct or breach of contract by the bank in which case the bank would bear such loss or make good the capital to the investor or fund provider.

This type of deposit grants the Mudarib (the bank) the freedom to choose any business activity they deem suitable, as long as it's Sharia compliant. The Rabb-ul-Mal (fund provider) has limited control and cannot restrict business decisions beyond ensuring adherence to Islamic principles.
The condition for contracting parties; both mudharib (the bank) and rabb-ul - mal (fund provider) must be qualified persons under the law.
For the subject matter (mahallul aqd) has some condition (AAOIFI);

a) In principle, the capital of mudaraba must be provided in the form of cash. However, it may be presented in the form of tangible asset with the valuation done by the expert.
b) The capital should be clearly known to the contracting parties and defined in term of quality and quantity in manner to eliminate any possibility of uncertainty.
c) It is not permitted to use debt owed by the mudharib or another party to the capital provider as capital in a mudaraba contract.
d) For mudaraba contract to be valid and for the mudharib to be considered as having control over the capital, the capital must be, wholly or partially, put at the disposal of the mudharib.
In addition, in term of profit, there are also some important conditions in mudaraba contract. It is a requirement that the mechanism of profit distribution must be clearly known in a manner to eliminate uncertainty. The distribution also must be based on an agreed percentage of the profit and not based on a lump sum or percentage of capital. The party also should agree on the ratio of profit distribution when the contract is concluded.

According to AAOFI, apart from the agreed portion of the profit as determined in the above manner, the mudharib cannot claim any periodical salary or fee or remuneration for the work done by him.
However, it is permissible for the two parties to construct a separate agreement independent of mudaraba contract, assigning one party to perform, for a fee, a business activity that is not by custom part of the mudaraba operations.

Notes to the Financial Statements - continued

Distribution of profit between equity of unrestricted investment account holders and the Bank complies agreed terms and conditions as well as sharia ruling:

• The share of profit of investment account holders is calculated based on their average daily balances over the year, after reducing the Banks agreed and declared Mudarib fee.
• In case of any expense or loss, which arises out of negligence on the part of the Bank due to non-compliance with regulations and instructions, then such expenses or loss shall not be borne by the investment account holders. Such a matter is subject to the Bank decision.
• Due to pooling of investment funds with the Bank's funds for the purpose of investment, no priority has been given to either party in the appropriation of profit

In case Mudaraba capital is lost or damaged prior to the inception of work without misconduct or negligence on the part of Mudarib, then such losses are deducted from Mudaraba capital and are treated as loss to the Bank. In case of termination or liquidation, unpaid portion by Mudarib is recognized as receivable due from Mudarib.

		31-Dec-24	31-Dec-23
40	**Share capital**		
i	**Authorised**	**10,000,000**	**10,000,000**
ii	**Issued and fully-paid:** 20,000,000 Ordinary shares of 50k each	10,000,000	**10,000,000**

iii Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at meeting of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

iv Movement in issued and fully paid share capital is as follows:

	31-Dec-24	31-Dec-23
Balance as at period start	10,000,000	10,000,000
New issues	-	-
Balance as at period end	**10,000,000**	**10,000,000**

v Other Components of Equity	**31-Dec-24**	**31-Dec-23**
Deposit for shares (see note 36i)	5,000,000	-

vi Dividend
In accordance with the provisions of Section 426 of the Companies and Allied Matters Act 2020, the Directors proposed interim dividend of 22kobo per share amounting to N4.4billlion (31 December 2023: Nil). The proposed dividend has been approved by the Central Bank of Nigeria along with 9month Audited Interim Financial Statements and payment of the dividend has been made accordingly.

Notes to the Financial Statements - continued

In thousands of Naira

41 Cashflow workings

		31-Dec-24	31-Dec-23
41.1	**Cash and Cash Equivalents**		
	As at the beginning	60,033,957	33,184,174
	Decrease in cash and cash equivalents	(24,323,869)	26,849,783
	As at the end	35,710,088	60,033,957
41.2	**Deposits with the Central Bank of Nigeria**		
	As at the beginning	-	-
	Decrease in cash and cash equivalents	61,181,212	-
	As at the end	61,181,212	-
41.3	**Due from other commercial banks**		
	As at the beginning	19,987,590	19,748,590
	Increase in value	(6,046,590)	239,000
	As at the end	**13,941,000**	**19,987,590**
41.4	**Investment - Commodity Stocks**		
	As at the beginning	8,656,992	9,090,369
	Increase in value	18,398,414	(433,377)
	As at the end	**27,055,406**	**8,656,992**
41.5	**Financing Assets - Facilities to customers**		
	As at the beginning	33,122,757	15,132,770
	Impairment Reversal - Financing assets	26,886	(597,772)
	Increase in value	7,528,900	18,587,759
	As at the end	**40,678,543**	**33,122,757**
41.6	**Investment-Gold Bullion**		
	As at the beginning	1,828,128	1,828,128
	Fair value loss on Gold Bullion	(30,332)	-
	FC Revaluation gain	-	
	Additions	684,674	-
	As at the end	**2,482,471**	**1,828,128**
41.7	**Accounts Receivable**		
	As at the beginning	1,436,550	1,436,550
	Impairment - Account receivables	-	
	Decrease in value	(207,552)	-
	As at the end	**1,228,998**	**1,436,550**
41.8	**Halal Portfolio Investment**		
	As at the beginning	4,163,533	3,594,679
	Fair value loss on Halal investment	(68,074)	
	Additions	1,260,516	568,854
	As at the end	**5,355,975**	**4,163,533**
41.9	**Other market instruments**		
	As at the beginning	-	-
	Increase in value	1,081,875	-
	As at the end	**1,081,875**	**-**

Notes to the financial statements

	In thousands of Naira	31-Dec-24	31-Dec-23
41.10	**Other Investments - Musharakah**		
	As at the beginning	1,353,707	1,353,707
	Decrease in value	2,797,412	-
	As at the end	**4,151,119**	**1,353,707**
41.11	**Investment in Unquoted Equity**		
	As at the beginning	3,628,065	2,957,485
	Fair value adjustments	(971,383)	1,026,764
	As at the end	**2,656,682**	**3,984,249**
41.12	**Other assets**		
	As at the beginning	3,086,543	793,015
	Accrued financing and investing transaction income	-	-
	Impairment - Other Assets	(22,457)	(171,180)
	Increase in value	17,966,273	2,464,708
	As at the end	**21,030,359**	**3,086,543**
	Investment in Sukuk		
	As at the beginning	31,780,497	36,988,518
	Sukuk Purchased	54,170,250	3,500,000
	Sukuk Disposed	(19,800,281)	(9,286,794)
	Fair value adjustments	(355,989)	-
	Impairment	(19,632)	(101,101)
	As at the end	**65,794,477**	**31,780,497**
41.14	**Due To Other Commercial Banks**		
	As at the beginning	8,627,430	8,866,430
	Decrease in value	(4,929,960)	(239,000)
	As at the end	**3,697,470**	**8,627,430**
41.15	**Customer Current Deposits**		
	As at the beginning	71,699,146	47,610,206
	Increase in value	64,336,002	24,088,940
	As at the end	**136,035,148**	**71,699,146**
41.16	**Due To Other Financial Institutions**		
	As at the beginning	25,617,715	29,029,126
	Increase in value	2,909,742	(3,411,411)
	As at the end	**28,527,457**	**25,617,715**
41.17	**Intervention Fund**		
	As at the beginning	-	-
	Additions	36,433	-
	As at the end	**36,433**	**-**
41.18	**Other Liabilities**		
	As at the beginning	25,632,663	17,600,167
	Transfer to Sterling Bank (transfer from PPE)	(3,992,153)	-
	Increase in value	25,988,389	8,091,993
	As at the end	**47,628,899**	**25,692,160**
41.19	**Provisions**		
	As at the beginning	6,148	-
	Impairment on off-balance sheet items for the period	80,156	6,148
	As at the end	**86,304**	**6,148**

Notes to the financial statements

		31-Dec-24	31-Dec-23
41.20	**Unrestricted Investment Accounts**		
	As at the beginning	36,306,688	30,478,428
	Increase in value	29,108,344	5,828,260
	As at the end	**65,415,032**	**36,306,688**

		31-Dec-24	31-Dec-23
41.21	**Gross income received from financing & Investment transactions**		
	As at the beginning	-	59,204
	Gross income from financing & Investment transactions for the period	23,131,204	6,103,456
	Gross income received	(22,462,934)	(6,162,660)
	As at the end	**668,271**	**-**

		31-Dec-24	31-Dec-23
41.22	**Returns paid to Investment Account Holders**		
	As at the beginning	59,497	-
	Returns to Investment Account Holders for the period	8,999,697	2,377,925
	Returns paid to Investment Account Holders	(8,812,115)	(2,318,428)
	As at the end	**247,079**	**59,497**

Notes to the Financial Statements - continued

42 Other components of equity

a. Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 15(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. Amount transferred to statutory reserve for the period ended 31 December 2024 was N2.96b (30% of N9.85b).

b AGSMEIS reserve

The Bankers' committee at its 331st meeting held on 9 February 2017 approved the Agric-Buisness, Small and Medium Investment Scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/Small and Medium Enterprises (SMEs). All deposit money banks are required to set aside 5% of Profit After Tax (PAT) annually after their financial statements have been audited by external auditors and approved by Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

c Regulatory risk reserve

The Central Bank of Nigeria stipulates that impairment allowance of financial assets and off balance sheet accounts shall be determined based on the requirements of International Financial Reporting Standards ("IFRS"). The IFRS impairment allowance should be compared with provisions determined under Prudential Guidelines and the difference in Retained Earnings should be

- Where Prudential impairment provision is greater than IFRS impairment provision; transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

- Where Prudential impairment provision is less than IFRS impairment provision; the excess charges resulting should be transferred from the Regulatory Risk Reserve account to the Retained Earnings to the extent of the non-distributable reserve

43 Commitments and Contingencies

a. Litigations and claims

There are a total of 9 cases pending against the Bank and 2 cases initiated by the Bank. The Directors having sought the professional counsels , are of the opinion that no liabilty will occur on the 9 cases against the Bank. Consequently, there has

b. Contingent liabilities and commitments

The Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

Nature of instruments:

To meet the financial needs of customers, the Bank enters into various commitments and contingent liabilities. These consist of financial guarantees and letters of credits. These obligations are not recognised on the statement of financial position because the risk has not crystallised and we have not identiified any factor to suggest the probability the that the risk will crystallise.

Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to financing assets.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off- financial position risk:

In thousands of Naira	**31-Dec-24**
Financial Guarantees	12,064,659
Letters of credit	18,533
Performance Bond	-
	12,083,193

Notes to the Financial Statements - continued

In thousands of Naira	**31-Dec-23**
Financial Guarantees	1,828,225
Letters of credit	407,647
Performance Bond	240,349
	2,476,221

Above balances represent contingent liabilities for which the customers have not defaulted. Any portion that is due for which the Bank has become liable are recognised in Other Liabilities.

Impairment losses on guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

c. Financial guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

31-Dec-24

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	9,186,394	-	-	9,186,394
RR3-RR4	2,878,265	-	-	2,878,265
RR5-RR6	-	-	-	-
RR7	-	-	-	-
Total	**12,064,659**	**-**	**-**	**12,064,659**

31-Dec-23

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	-	-	-	-
RR3-RR4	1,828,225	-	-	1,828,225
RR5-RR6	-	-	-	-
RR7	-	-	-	-
Total	**1,828,225**	**-**	**-**	**1,828,225**

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	1,828,225	-	-	1,828,225
New exposures	10,855,513	-	-	10,855,513
Exposure derecognised or matured/lapsed (excludingwrite offs)	(619,079)	-	-	(619,079)
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**12,064,659**	**-**	**-**	**12,064,659**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Transfer in as at 1 July 2023	4,066,765	-	-	4,066,765
New exposures	1,575,885	-	-	1,575,885
Exposure derecognised or matured/lapsed (excludingwrite offs)	(3,814,425)	-	-	(3,814,425)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	**1,828,225**	**-**	**-**	**1,828,225**

Notes to the Financial Statements - continued

c. **Financial guarantees- continued**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 January 2024	5,281	-	-	5,281
New exposures	85,098	-	-	85,098
Exposure derecognised or matured (excludingwrite offs)	(4,136)	-	-	(4,136)
At 31 December 2024	**86,242**	-	-	**86,242**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2023	-	-	-	-
New exposures	5,281	-	-	5,281
Exposure derecognised or matured (excludingwrite offs)	-	-	-	-
At 31 December 2023	**5,281**	-	-	**5,281**

d **Letters of credit**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

31-Dec-24

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	-	-	-	
RR1-RR2	-	-	-	-
RR3-RR4	18,533	-	-	18,533
Total	**18,533**	**-**	**-**	**18,533**

31-Dec-23

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	-	-	-	
RR1-RR2	-	-	-	-
RR3-RR4	407,647	-	-	407,647
Total	**407,647**	**-**	**-**	**407,647**

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Transfer in as at 01 January 2024	407,647	-	-	407,647
New exposures	-	-	-	-
Exposure derecognised or matured/lapsed (excludingwrite offs)	(389,114)	-	-	(389,114)
At 31 December 2024	**18,533**	**-**	**-**	**18,533**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Transfer in as at 1 July 2023	83,595	-	-	83,595
New exposures	407,647	-	-	407,647
Exposure derecognised or matured/lapsed (excludingwrite offs)	(83,595)	-	-	(83,595)
At 31 December 2023	**407,647**	**-**	**-**	**407,647**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 January 2024	868	-	-	868
New exposures	-	-	-	-
Exposure derecognised or matured (excludingwrite offs)	(806)	-	-	(806)
Foreign exchange adjustments	**-**	**-**	**-**	-
At 31 December 2024	**62**	**-**	**-**	**62**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2023	-	-	-	-
New exposures	868	-	-	868
Exposure derecognised or matured (excludingwrite offs)	-	-	-	-
Foreign exchange adjustments	**-**	**-**	**-**	-
At 31 December 2023	**868**	**-**	**-**	**868**

Notes to the Financial Statements - continued

44 **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel among others.

Executive Directors

Directors' remuneration below relates to payment made to executive directors and pension contributions during the year.

	31-Dec-24	31-Dec-23
Short-term benefits (wages and salaries)	911,935	30,356
Post-employment benefits (pension contributions)	13,221	2,856
Termination benefits	-	-
	925,156	33,212

Non-executive Directors

Directors' remuneration below relates to payment made to non-executive directors and charged as expense during the year. The non-executive directors do not receive pension entitlements from the Bank.

	31-Dec-24	31-Dec-23
Directors' fee	145,527	82,360
Other emunuments	37,000	11,250
	182,527	93,610

	In thousands of Naira	31-Dec-24	31-Dec-23
(i)	**Transactions with the related parties**		
	Financing Assets:		
a.	Murabah/Ijarah Financing	62,780	22,595

45 **Events after reporting date**

There were no events after the reporting date which could have a material effect on the financial position of the bank for the twelve months period ending 31 December 2024 and the profit or loss and other comprehensive income attributable to equity holders on that which have not been adequately adjusted for or disclosed.

	In thousands of Naira	31-Dec-24	31-Dec-23
46	**Cash and cash equivalents**		
	Cash and Bank with Other Banks	32,709,088	60,032,957
	Unrestricted balances with Central Bank of Nigeria	1,000	1,000
	Interbank Mudaraba – Placement	3,000,000	-
		35,710,088	60,033,957

Notes to the Financial Statements - continued

47 Financial Risk Management

(a) Introduction and overview

All of the Bank's intermediation activities, including trading and financing, carry some inherent risk. In order to effectively manage these risks, the bank has embraced the enterprise risk management philosophy, which aims to create a solid, secure, and stable financial institution. The bank has also implemented a uniform methodology and standard template for risk identification, measurement, management, and control in order to achieve this.

The Bank is exposed to various risks including Credit Risk, Liquidity Risk, Market Risk and Operational Risk in the trading book and banking book. The Bank has put in place approved policies, procedures and guidelines for identifying, measuring, managing and controling these risks.

Risk management framework

The risk management framework consists of the governance structure, policies, strategy, processes and techniques for the management of risks faced by the Bank. The risk governance structure is modelled according to the three lines of defense. The Board and its committees oversee the risk management framework and approve the corresponding risk management policies and strategies. Senior management provides oversight across the bank to ensure that all material risks are properly identified, measured, mitigated and monitored in order to minimize the impact of adverse events. The Chief Risk Officer (CRO) coordinates the process of monitoring and reporting identified risks. The Risk Management division is complemented by Finance and Performance Management Department, Compliance and Strategy Department and the Internal Control bank in the management of strategic, regulatory compliance and reputational risks. Internal Audit department provides assurance to Management and Board that instituted controls are effective in mitigating identified and emerging risks.

To achieve its risk management objectives, the Bank has a risk management framework that comprises the following elements:

- Risk management objectives and philosophy
- Governance structure
- Roles and responsibilities for managing risks
- Risk management process

Three Lines of Defense

The philosophy of three lines defense have been adopted in the Bank for proactive and efficient identification and management of risks inherent in the Bank’s activities, processes, system, products and external events as follows:

First line of defence – Strategic Business Functions

This consists of business owners/ subject matter experts with primary responsibilities for risk management. The first line of defense involves the actual business operations where the transactions are entered, executed, valued and recorded.

Second line of defense – Independent Risk and Control Oversight

This consists of functions responsible for providing independent oversight over key risks like credit, market, liquidity and operational risk and facilitating the implementation of risk controls to ensure that the business and process owners operate within the defined risk appetite and align with approved policies and procedures. They formulate risk management policies, processes and controls, provide guidance and coordination of activities of all other monitoring functions within the bank and identify enterprise trends, synergies and opportunities for change.

Notes to the Financial Statements - continued

Financial Risk Management - continued

Third line of defense – Independent Assurance

The third line of defense consists of Internal Audit and Compliance departments with primary responsibilities for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of NIB's overall risk management framework, policy and risk plan implementation.

(b) Risk Management Structure

The responsibility for management of risk exposure of the Bank rests with the Board, this responsibility is delegated to various committees of the Board.

The Board Investment & Finance Committee (BIMC) is designated with the responsibility of managing the overall risk exposure of the bank. The Committee reviews and recommends risk management policies and procedures for Board approval.

The Board Credit Committee (BCC) acts on behalf of the Board of Directors on all credit matters. It considers and approves financing exposures, treasury investments exposures, as well as other credit exposures that exceed the mandated approval limit of the Management.

The Management Risk Committee (MRC) is responsible for planning and management of the bank's overall risk profile; including the determination of the bank's risk philosophy, appetite, limits and policies.

The Management Investment Committee (MIC) is vested with the responsibility of credit policy articulation and credit approval that falls within the mandated approval limit. It reviews and recommends credit policy direction to the BCC.

The Assets and Liability Committee (ALCO) ensures that the bank has adequate liquidity to meet the funding need of the bank, and also manages the profit and foreign exchange risk of the bank. The Committee also reviews the economic outlook and its likely impact on the bank's current and future performance.

The Criticised Assets Committee (CAC) reviews the non-performing facilities and recommends strategies for recovery of bad facilities. The Committee also reviews the bank's credit portfolio and validates collateral documentation.

The Enterprise Risk Management bank of the Bank is saddled with the responsibility of implementing and supervising all risk management policies, guidelines and procedures.

The Conduct and Compliance Department monitors compliance with risk principles, polices and limits across the bank. Exceptions are reported on a daily basis to the management and appropriate action are taken to address the threats.

The Internal Audit Department as part of its annual audit programme, examines the adequacy and level of compliance with the procedures. Result of assessments, findings and recommendations are discussed with the relevant departments, and reported to the Board Audit Committee.

(c) Risk measurement and reporting systems

Quantitative and qualitative assessment of credit risks is carried out through a rigorous internal ratings system. The bank also carries out scenario analysis as stated in the bank's credit policy guide and stress testing to identify potential exposure under stressed market situations.

Monitoring and controlling of risk is done by ensuring that limits established are strictly complied with and that such limit reflects both the quantitative and qualitative risk appetite of the bank. Particular emphasis is placed on the Risk Acceptance Criteria (RAC). Furthermore, the bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Notes to the Financial Statements - continued

Financial Risk Management - continued

Risk Information compiled from all business activities of the bank is analyzed and processed on a timely basis for informed management decision. The Management Risk Committee (MRC) and the Board Risk Management Committee (BRMC) which constitute the supervisory body are updated on the risk profile of the bank through regular risk reports.

(d) Risk Mitigation

The bank has in place a set of management actions to prevent or mitigate the impact of business risks on earnings. Business risk monitoring, through regular reports and oversight, results in corrective actions to plans and ensure reductions in exposures where necessary. Credit control and mitigation polices are also in place. Collateral policies are designed to ensure that the bank`s exposure is secured, and to minimize the risk of credit losses to the bank in the event of decline in quality or delinquency of assets.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG). These include;

a. Acceptable collateral for each credit product;
b. Required documentation/perfection of collaterals;
c. Conditions for waiver of collateral requirement and approval of collateral waiver; and

Finally, master netting arrangements for credit facilities collateralised partly with deposits are settled by set-off based on underlying set-off agreement.

(e) Risk Appetite

The bank's risk appetite is an expression of the maximum level of risk the bank is willing and able to accept in pursuit of its strategic and financial objectives expressed in the strategic plan.

- Strategic Objectives
- Management perspective
- Economic conditions
- Stakeholders expectations
- Target benchmarking
- Regulatory threshold

The methodology described below is used in updating the bank's risk appetite framework.

Notes to the Financial Statements - continued

Financial Risk Management - continued

(f) Concentration Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the bank's performance to developments affecting a particular industry or geographical location.

In order to avoid concentration risk, credit concentration limits are set and monitored along industries and sectors, geography, collaterals and products.

The ultimate objective of managing credit portfolio concentration risk is to ensure proper diversification of the risk assets portfolio. Concentration limits are also in place to manage Investment Portfolio and customer deposit concentration in the management of liquidity risk.

(g) Credit Risk Management

The bank's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the bank is based on a formal governance structure with systemic reporting processes within a well-defined control environment.

The bank's risk policy allows its personnel take initiatives and responsibility towards proactive identification of risks in products and services delivered to the market.

The bank's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still make sufficient profit.

Credit risks are examined for all credit-related transactions including investments and trading transactions.

(h) Risk Management Architecture

Risks are managed such that the risk profile and the bank's reputation are aligned with the bank's objective of conservative risk appetite, balanced against a desire for reasonable returns.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG).

These include;

a. Acceptable collateral for each credit product.
b. Required documentation/perfection of collaterals
c. Conditions for waiver of collateral requirement and approval of collateral waiver.
d. Acceptance of cash.

Finally, master netting arrangements for credit facilities collateralised partly with deposits are settled by set-off based on underlying set-off agreement.

Notes to the Financial Statements - continued

Financial Risk Management - continued

(i) Impairment assessment

The references below show where the Bank's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments (except for specialised finance facilities where the 90 days past due is rebutted and 180 days past due is used instead). The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intra-day payments are not settled by the close of business as outlined in the individual agreements.

As a part of the qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event.
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- The Bank puts the credit obligation on non-accrued status.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, profit or (where relevant) fees.
- The Bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the Bank.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at lease 90 consecutive days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured, depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant reduction in credit risk.
The following probationary period is applied in transferring financial asset back to a lower stage following a significant reduction in credit risk:

• When there is evidence of a significant reduction in credit risk for a financial instrument in stage 2, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.
• When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 2.
• When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 180 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

Financial Risk Management - continued

(j) Methodology for Risk Rating

The bank has a credit rating and scoring system developed for rating exposures. They were developed in line with international best practice. Exposures are created by Corporate, Commercial and Retail business segments. The credit risk rating system assigns scores using various risk parameters based on the information provided by the customer.

The rating is derived by adding the scores from all the risk parameters and the outcome of the rating is important for approval / rejection of the facilities request.

Retail exposures:
Retail exposures are governed by standard credit product programs and categorized as Consumer & MSME exposures. Consumer exposures are availed to individuals while MSME exposures are granted to unstructured businesses. Unstructured businesses are small and medium scale businesses that rarely keep proper accounting records. Retail and SME scorecards are used for assessing Consumer and MSME exposures respectively.

Commercial and Corporate exposures:
Commercial and Corporate Customers are rated using risk rating models. Depending on the underlying business transaction, Specialized faciliity Models are also used for assessing specialized exposures to Corporate and Commercial Customers. The rating methodology is based on both quantitative and qualitative factors. Quantitative factors are mainly the financial ratios, account conduct among others. Qualitative factors are based on the following risk categories: a. Business Risk b. Industry Risk c. Management Risk

Credit Scoring System:
The risk rating methodology is based on the following fundamental analyses (financial analysis and non- financial analysis):

Structured Businesses
The factors to be considered are:
Quantitative factors are basically the financial ratios which include:

a. Leverage ratios
b. Liquidity ratios
c. Profitability ratios
d. Profit Coverage ratios
e. Activity ratio

Qualitative factors. These include:
a. Industry
i. Size of the business
ii. Industry growth
iii. Market Competition
iv. Entry/Exit barriers

b. Management:
i. Experience of the management team
ii. Succession Planning
iii. Organizational structure

Financial Risk Management - continued

Methodology for Risk Rating - continued

c. Security:

i. Collateral type

ii. Collateral coverage

iii. Guarantee i.e. the worth of Personal Guarantee/Corporate Guarantee pledged as support.

d. Relationship with the Bank:

i. Account turnover (efficiency ratio)

ii. Account conduct

iii. Compliance with covenants/conditions

iv. Personal deposits with the bank.

Unstructured Businesses:

These are customers that rarely keep proper accounting records, hence the maximum limit that can be availed to them is restricted to N20m.

The factors to be considered are:
Quantitative factors. These include:

i) Contract related transactions

a) Net Profit Margin

b) Counterparty – Nature/Financial capacity of the Principals

ii) Other Facilities

a) Account turnover

b) Repayment history

Qualitative factors. These include: Management:

i. Experience/Technical competence with evidence

ii. Succession Planning

i. Industry

ii. Industry growth

iii. Share of the market

iv. Regulations: Whether the industry is regulated or not

v. Entry/Exit

In general, the following are considered in assessing facility request

(i) Character

Fundamental to every credit decision is the honesty and integrity of the individuals to whom the bank lends directly or who manage the enterprises to which the bank lends. Character is the single most important factor in the credit decision.

(ii) Capacity

The acceptance of a credit depends upon an objective evaluation of the customer's ability to repay the borrowed funds. To establish this, profitability and liquidity ratios are used as part of the assessment.

Financial Risk Management - continued

Methodology for Risk Rating - continued

(iii) Capital

The customer must provide capital for anticipated adversity. The index to determine capital should be leverage for murabah, ijara and finance facilities.

(iv) Cash Collaterised Facilities

Cash collaterised facilities are not to be subjected to this scoring method, unless the character of the customer is questionable, in which case, the application is rejected. For cash collaterised facilities, the key issue is safety margin. Local cash deposits shall provide 110% coverage for the Bank's exposure. Foreign currency deposits pledged shall provide minimum 120% coverage for the Bank's exposure.

(v) Pricing

The pricing of facilities is done to reflect the inherent risks for accepting the exposure by the bank. The average score computed often determines the minimum level of profit chargeable. This profit rate determined would be a guide. For the purposes of clarity, a prime rate is determined by Asset and Liability Management Department and other rates are either above or below it. The average score computed often determine the minimum level of profit chargeable. This profit rate determined would be a guide.

(vi) Collateral/Security

Collateral, often referred to as credit risk mitigant, gives additional assurance to recovering exposures granted to customers. The pledged collateral is documented and continuously reviewed as to its value and marketability.

Collaterals/securities are reviewed and scored based on the following parameters:

- Whether secured or not secured
- If secured, what type of security
- Perfectible legal mortgage
- Equitable mortgage
- Chattel mortgages
- Location of security/collateral
- Finance facilities to value ratio of collateral offered
- Marketability of security/collateral
- Whether collateral is a specialised asset or general purpose - type asset.
- Depreciating or appreciating value over time.

Enterprise risk review

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risks are an inevitable consequence of being in business.

The bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Financial Risk Management - continued

Methodology for Risk Rating - continued

Risk management is carried out by Enterprise Risk Management bank (ERM) within the policies approved by the Board of Directors. The ERM bank identifies, evaluates and manages respective aspects of financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk, foreign exchange risk, profit rate risk, credit risk, market risk and operational risk. In addition, the Audit Division is responsible for the independent review of risk management and the control environment. The most important types of risk are Credit risk, Liquidity risk, Market risk and Operational risk. Market risk includes currency risk, profit rate and other price risk.

47.1 Credit risk

Credit exposures arise principally in faciliity activities carried out through exposures and advances, debt securities and other instruments in the bank's risk asset portfolio. Credit risk is also inherent in off-balance sheet financial instruments.

The bank manages credit risks, which has been defined as the potential for a counterparty to default on financial obligations leading to financial losses. Credit risk is the principal source of risk to the bank arising from exposures and advances extended to customers under the corporate, commercial, and retail business lines.

There is also credit risk in off-balance sheet financial instruments. Credit risk is managed by the Enterprise Risk
Main Characteristics and Elements of Credit Risk Management;

(a) Credit Portfolio Planning

In line with the bank's planning cycle, credit portfolio plans are developed and approved at the overall bank and individual business unit level.

Credit portfolio planning entails definition and agreement of target risk asset threshold for different sectors, definition of target markets and criteria for risk acceptance at the corporate level and across each credit creating business unit in the bank.

(b) Exposure Development and Creation

Exposure Development and creation incorporates the procedures for preliminary screening of facility requests, detailed credit risk analysis and risk rating, risk triggered review and approval of facilities, and controlled credit availment of approved facilities, processes and guidelines for developing credit opportunities and creating quality risk assets in line with the bank's risk management policies.

(c) Exposure Management

To minimize the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear guidelines for management of the risk asset portfolio and individual risk exposures are defined. Exposure management entails collateral management, facility performance monitoring,quality reviews, risk asset classification and reporting.

Financial Risk Management - continued

Methodology for Risk Rating - continued

(d) Delinquency Management/Financing Workout

In the undesired event of decline in risk asset quality, prompt identification and management of delinquent exposures significantly reduces credit risk losses in the bank. The delinquency management/finance facilities workout module of the integrated risk management framework outlines the approach for identification and management of declining credit quality. This also covers facilities workout where all activities are geared towards resuscitating non-performing exposures, and the first stage in the process of recognizing possible credit loss.

(e) Credit Recovery

Deliberate actions are taken proactively to minimize the bank's loss on non-performing exposures. Directions are provided in the Credit Policy guide for winding down the bank's exposure, waivers, write-offs, etc. In the event of recovery, process for recognizing income and previously written-off amounts is also defined.

The bank's Risk Management Objectives and Policies

The bank's risk management objectives and policies for credit risk include the following:

1 To ensure optimal earnings through high quality risk portfolio.
2 Clear articulation of criteria for decision making.
3 Description of specific activities and tasks in respect of the creation and management of risk assets.
4 Definition of non-performing exposures as those with profit and principal repayment outstanding for 90 days or
5 Other criteria are also defined for determining impaired exposures. These include:

- customer's business recording consistent losses which might impair the cash flow, and facilities repayment.
- customer's networth being grossly eroded due to some macroeconomic events.
- Lack of commuication from the customer.
- Security offered has deteriorated in value and full payment cannot be guaranteed from normal operating sources.
- Where the bank consents to facilities restructuring, resulting in diminished financial obligation.
- Demonstrated material forgiveness of debt or postponement of scheduled payment.

Categorization of collaterals to determine the acceptable security for the mitigation of impairment impact on the Income Statement.

(f) Risk Management Architecture

Risks are managed such that the risk profile and the Bank's reputation are aligned with the bank's objective of conservative risk appetite, balanced against a desire for reasonable returns.

(i) Credit risk measurement

Before a sound and prudent credit decision can be made, the credit risk of the customer or counterparty must be accurately assessed. Each application is analyzed and assigned one of 9 (nine) grades using a credit rating system developed by the bank for all exposures to credit risk. Each grade corresponds to a customer's or counterparty's probability of default.

The bank's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the bank is based on a simple formal governance structure with regular reporting processes within a well-defined control environment.

The bank's risk policy allows its personnel take initiatives and responsibility to proactively identify risks in delivering products and services to the market in a value-added manner.

Financial Risk Management - continued

Methodology for Risk Rating - continued

Credit risk - continued

The bank's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still earn sufficient profit to make returns which are competitive with other investments.

Credit risks are examined for all credit-related transactions including investments and trading transactions, in addition to exposures and ijara. Credit risks are examined and managed for unfunded facilities commitments in addition to funded exposures and ijaras.

(ii) Credit granting process

Credit granting decisions are based on the results of the risk assessment. In addition, to the client's solvency, credit granting decisions are also influenced by factors such as available collateral, transaction compliance with policies and standards, procedures and the bank's overall risk-adjusted returns objective. Each credit granting decision is made by authorities within the risk management teams and management who are independent of the business units and are at a reporting level commensurate with the size of the proposed credit transaction and the associated risk.

Exposures and advances

In measuring credit risk of exposures and advances to customers and to banks at a counterparty level, the bank reflects the following components:

i the character and capacity of the client or counterparty to pay down on its contractual obligations;
ii current exposures to the counterparty and its likely future development;
iii credit history of the counterparty; and
iv the likely recovery ratio in case of default obligations -using value of collateral and other ways out.

The bank's rating scale, which is shown below, reflects the range of scores defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their credit risk changes.

The risk rating scale and the external rating equivalent is detailed below:

Risk Rating	External Rating Equivalent	Score Range	Prudential Classification*	IFRS 9 Stage
RR -1	AAA TO AA-	90-100	Superior	1
RR -2	A+ TO A-	80-89.99	Strong	1
RR -3	BBB+ TO BB-	70-79.99	Good	1
RR -4	BB+ TO BB-	50-69.99	Satisfactory	1
RR -5	B+ TO B-	40-49.99	High risk	1
RR -6	CCC+ TO CCC	30-39.99	Watch list	2
RR -7	CC+ TO C	20-29.99	Substandard	3
RR -8	D	10-19.99	Doubtful	3
RR -9	D	<10	Lost	3

**Classification in line with the CBN's prudential guidelines of June 2010*

Notes to the Financial Statements - continued

(iii) Credit Risk Control & Mitigation policy

The bank manages concentration risks to counterparties, banks, sectors and countries. The level of credit risk undertaken is controlled by setting limits on exposures to individuals, banks, geographical and sectoral segments and facilitate continuous monitoring of adherence to set limits. The limits set are reviewed periodically and approved by the Board of Directors.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single customer, or banks of customers (single obligor limits), and to geographical and sectoral segments. Such risks are monitored on a revolving basis. Limits on the level of credit risk by industry sector and by geography are reviewed and approved quarterly by the Board of Directors.

Credit Risk Control & Mitigation policy

The Bank also sets internal credit approval limits for various levels in the credit process and is shown in the table below:

Authority level	**Approval limit (Naira)**	**Full Cash Backed (Naira) Direct**	**Cash Backed (Contingent) (Naira)**	**Non-Cash Backed (Contingent) (Naira)**
Full Board	Above 1,500,000,000	Nil	Nil	Above 1.5 billion
Board Finance & Investment Committee	1,500,000,000	Nil	Nil	1,500,000,000
Management Investment Committee	500,000,000	Above 500,000,000 up to Single Obligor Limit	500,000,000	500,000,000
Managing Director + CRO	200,000,000	500,000,000.00	200,000,000	200,000,000
Executive Director + CRO	100,000,000	250,000,000.00	100,000,000	100,000,000

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances demand. Some other specific control and mitigation measures are outlined below:

(a) Collateral Acceptability

The guiding principles behind collateral acceptability are adequacy

i. Mortgages over residential properties;

Charges over business assets such as premises, inventory and accounts receivable;

iii. Charges over financial instruments.

Long-term finance and investment to corporate entities as well as individuals are generally secured. However, in order to minimize

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

(b) Master Netting Arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if default occurs, all amounts with the counterparty are settled on net basis.

In thousands of Naira	**31 Dec 2024**
Financial assets:	
Finance & Investments	58,923.24
Financial liabilities:	-
Collaterised deposits	**100,000.00**

These amounts are currently not presented net on the statement of financial position due to the performing status of the facilities; If the items were to be netted, the following net asset will be presented on the statement of financial position:

In thousands of Naira	**31 Dec 2024**
Net financial assets/ liabilities:	
Finance & Investments	-

Notes to the Financial Statements - continued

(c) **Credit-related Commitments**

The primary purpose of these instruments is to create other avenues for financing. Guarantees and standby letters of credit carry the same credit risk as finance facilities. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore, carry less risk than a direct finance facility.

(d) **Credit Concentration**

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Breakdown of Exposures by Geographic Areas

In thousands of Naira

S/N	Region	31 Dec 2024
	In thousands of Naira	
1	Abuja	7,895,196.19
2	Lagos	14,675,038.37
3	North Central	4,058,230.62
4	North East	1,342,487.47
5	North West	8,744,125.36
6	South East	1,072.50
7	South South	54,863.36
8	South West	5,675,923.89
	Grand Total	**42,446,937.76**

Financial risk management - continued

Enterprise risk review - continued

47.2 Liquidity risk

Liquidity risk and Funding Management: The Bank is exposed to two types of liquidity risk;

1. Market/Trading Liquidity Risk is the risk of inability to conduct transaction at current market price because of the size of the transaction. This type of liquidity risk comes to play when certain assets cannot be liquidated at short notice due to market illiquidity.

2. Funding Liquidity Risk relates to the inability to raise the necessary cash to roll over its debt; to meet the cash, margin, and collateral requirements of counterparties; and to satisfy capital withdrawals. Funding liquidity risk is managed through holding cash and cash equivalents, setting credit lines in place, and monitoring buying power. (Buying power refers to the amount a trading counterparty can borrow against assets under stressed market conditions).

The Asset & Liability Committee (ALCO) is responsible for managing the liquidity of the Bank, this function is delegated to the Asset & Liability Management (ALM) Department that manage the day-to-day liquidity requirements of the Bank, and also act as secretariat to ALCO. The Market & Liquidity Risk Team actively manages and monitors liquidity through the framework of limits, behavioural patterns of non-maturing assets and liabilities, among others. Liquidity risk is assessed by comparing the expected outflows with expected inflows, and liquidity risk arises when there is a mismatch arising between the inflow and outflow, also when there is unexpected delay in repayment of facilities (term liquidity risk) or
unexpectedly high payment outflow (withdrawal/call risk).

In line with the Liquidity Risk Management Framework, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Net liquid assets consist of cash, short–term bank placements and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

Presented below is the process used in managing liquidity:

Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;

Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

Monitoring balance sheets liquidity ratios against internal and regulatory requirements (in conjunction with Financial and Regulatory Reporting Department and market and liqudity risk department).

47 Financial risk management - continued

47.2 **Liquidity risk - continued**

Liquidity Risk Measurement Techniques

Liquidity positions are measured by calculating the net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management policy.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and Government Bonds for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitment. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the CBN.

The following table reflects the Bank's regulatory liquidity ratio for the years indicated.

	As at 31 December 2024
At end of year	55.51%
Average for the year	69.60%
Maximum for the year	99.37%
Minimum for the year	47.82%

In addition to the above, the Bank also applies the following metrics in measuring liquidity risk and ensuring that day-to-day funding requirements are met.

1 Liquidity Coverage Ratio (LCR) - The LCR aims to ensure that the Bank has sufficient unencumbered high-quality liquid assets ('HQLA') to withstand a stressed 30-day funding scenario. HQLA consist of cash or assets that can easily be converted into cash at little or no loss of value to cover any net outflow. The minimum requirement is 100%.

On a Business-As-Usual (BAU) basis, the Bank's LCR as at 31 December 2024 was 101.11%. The LCR indicates that the Bank has adequate liquidity to support its current level of growth.

2 Net Stable Funding Ratio (NSFR) – The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.
It measures the amount of available stable funding relative to the required stable funding. This ratio should be equal to at least 100% on an ongoing basis. It is designed to complement the LCR.
The Bank's NSFR of 210.61% as at 31 December 2024, was well above the Basel requirement of 100% and internal risk tolerance level.

3 Liquidity Gap: Liquidity Gap describe a discrepancy or mismatch in the supply or demand for cash inflows and outflows. The ALM Team use maturity gap analysis to compare cash inflows and outflows daily and over a series of time-bands. The liquidity gap reports are prepared using the projection worksheets created for different scenarios and stress levels. For each scenario, the assumptions used were approved by the ALCO. For liquidity in the normal or ordinary course of business, the minimum levels of projected liquidity shall be maintained. For liquidity in all other scenarios and stress levels, the ALCO establishes minimum guidance levels.

4 Liquidity Ratios: Liquidity ratios describe the structure and shape of the balance sheet in business-as-usual conditions and allow the ALCO to monitor changes in structural liquidity. The Bank establishes various liquidity ratios to indicate the business's ability to meet short-term obligations with liquid assets, identify any mismatches between long-term funding sources and uses and review the ability of the banking business to fund through customer deposits.

The ALCO sets the internal liquidity ratios targets aimed at ensuring that the Bank meets its liquidity needs under going concern and stressed market conditions.

47 Financial risk management - continued

Liquidity risk - continued

(e) Liquidity Risk Measurement Techniques - continued

Please find below the Bank's key liquidity risk metrics as at 31 December 2024

	As at 31 December 2024
Liquidity Ratio	54%
Net Interbank Takings / Total Deposit	0%
Financing/ Deposit Ratio	36%
Current and Savings Account/Total Deposit	100%

5 Stress Testing: In addition, stress testing and scenario analysis are used to assess the financial and management capabilities of the Bank to continue operating effectively under extreme but still viable trading conditions. A liquidity stress test is conducted, at least monthly, reviewing the impact of an accelerated run-off from funding sources and changes in normal business situation.

The ALCO integrates the results of the stress testing process into the Bank’s strategic planning process (e.g. Management could adjust its asset-liability composition) and the firm's day-to-day risk management practices (e.g. through monitoring sensitive cash flows or reducing concentration limits).

To ensure that liquidity risk is controlled within the Bank, limits and triggers are set. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to particular sources of liabilities, asset-liability mismatches and counterparty concentrations.

These limits include liquidity ratio limits (Loan/Deposit, Liquid Assets/Customer Liabilities, Medium Term Funding Ratio, Core Funding Ratio etc.), Maturity Mismatch limits, Cumulative Outflow limit as well as Concentration limits. Furthermore, diversification of the Bank's funding profile in terms of investor types, regions, products and instruments is also an important element of controlling liquidity risk.

47 Financial risk management - continued

Liquidity risk - continued

(e) Liquidity Risk Measurement Techniques - continued

Liquidity Contingency Funding Plan

The Bank has an approved liquidity Contingency Funding Plan (CFP or the Plan) for managing unanticipated stressful scenarios that could result in a significant erosion of Bank-specific or general market liquidity. The Plan details the policies, procedures and actions for responding to contingent liquidity events as well as incorporates early warning indicators to monitor market conditions.

Such early warning indicators include, among others, decline in the liquidity ratio below approved limits for a prescribed period, delays in disbursements of statutory allocations beyond a prescribed period, negative clearing balances for a prescribed period or a branch running out of physical cash.

The Contingency Funding plan covers the available sources of contingent funding to supplement cash flow shortages, the lead times to obtain such funding, the roles and responsibilities of those involved in the contingency plans, and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the Contingency Funding Plan.

47 **Financial Risk Management - continued**

Enterprise Risk Review - continued

47.2 **Liquidity Risk**

The table below shows the undiscounted cash flows on the Bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

31 December 2024	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
In thousands of Naira								
Financial assets								
Cash & Bank balances	16	96,891,300	97,605,502	36,424,290				61,181,212
Due from Other Commercial Banks	17	13,941,000	13,941,000	13,941,000	-	-	-	-
Financing Assets	23	41,346,814	44,575,289	21,857,937	5,464,027	2,791,236	11,491,150	2,970,939
- Sukuk Investments at fair value through other comprehensive income	22	45,609,062	80,157,958	-	-	13,030,810	14,559,360	52,567,788
- Sukuk Investments at Amortised Cost	22	20,185,415	21,302,016	12,400,152	-	6,357,096	1,309,768	1,235,000
- Equity instruments at fair value through other comprehensive income	26	2,656,682	3,109,044	-	-	-	-	3,109,044
Other assets	27	21,513,668	21,513,668	21,513,668				
		242,143,941	**282,204,476**	**106,137,046**	**5,464,027**	**22,179,142**	**27,360,278**	**121,063,982**
Financial liabilities								
Due To Other Commercial Banks	34	3,697,470	3,697,470	3,697,470				-
Deposits from customers	36	136,035,148	136,378,226	39,379,557	30,223,212	63,573,400	3,202,057	
Due To Other Financial Institutions	37	28,527,457	31,074,048				31,074,048	
Other liabilities	41	41,693,550	54,690,126	36,155,048	-	1,494,778	17,040,300	
Unresricted Mudarabah Investment Accounts Holders	39	65,415,032	65,748,640	57,446,937	6,927,454	717,585	656,664	
		275,368,656	**291,588,510**	**136,679,012**	**37,150,667**	**65,785,763**	**51,973,069**	**-**
Gap (asset - liabilities)		**(33,224,715)**	**(9,384,034)**	**(30,541,966)**	**(31,686,639)**	**(43,606,621)**	**(24,612,791)**	**121,063,982**
Cumulative liquidity gap				**(30,541,966)**	**(62,228,605)**	**(105,835,226)**	**(130,448,017)**	**(9,384,034)**

47 **Financial Risk Management - continued**

Enterprise Risk Review - continued

47.2 **Liquidity Risk - continued**

31 December 2023	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
In thousands of Naira								
Financial assets								
Cash & Bank balances	16	60,033,957	60,033,957	27,015,281	12,547,097	7,264,109	3,301,868	9,905,603
Due from Other Commercial Banks	17	19,987,590	19,987,590.0	19,987,590	-	-	-	-
Financing Assets	23	33,122,757	35,490,929.3	2,284,809	992,387	11,636,765	8,980,784	11,596,184
- Sukuk Investments at fair value through other comprehensive income	22	30,468,038	41,324,581.8	2,661,483	2,808,976	13,555,204	10,461,358	11,837,560
			-					
- Sukuk Investments at Amortised Cost	22	1,312,459	5,631,373.8	348,595	367,913	1,775,427	1,370,203	1,769,236
- Equity instruments at fair value through other comprehensive income	26	3,628,065	4,855,019.3	-	-	-	-	4,855,019
Other assets	27	3,086,543	3,257,721.9	810,473	352,022	127,821	185,685	1,781,722
		151,639,409	**170,581,173.3**	**53,108,230**	**17,068,395**	**34,359,326**	**24,299,898**	**41,745,324**
Financial liabilities								
Due To Other Commercial Banks	31	8,627,430	8,627,430	555,644	241,339	2,829,952	2,184,042	2,816,452
Deposits from customers	30	71,699,146	71,699,145	4,894,802	2,126,015	20,627,774	19,239,751	24,810,803
Due To Other Financial Institutions	32	25,617,715	25,617,715	3,609,333	657,735	7,712,625	5,952,292	7,685,729
Other liabilities	34	23,596,455	23,596,455	2,274,845	988,060	1,953,186	6,849,616	11,530,749
Unrestricted Investment Accounts	36	36,306,688	38,848,156	14,522,675	9,076,672	10,165,873	2,541,468	2,541,468
		165,847,434	**168,388,902**	**25,857,299**	**13,089,822**	**43,289,410**	**36,767,171**	**49,385,201**
Gap (asset - liabilities)		**(14,208,025)**	**2,192,272**	**27,250,931**	**3,978,573**	**(8,930,084)**	**(12,467,272)**	**(7,639,877)**
Cumulative liquidity gap				**27,250,931**	**31,229,505**	**22,299,421**	**9,832,149**	**2,192,272**

While there is a negative cumulative liquidity gap within one year, it does not reflect the actual liquidity position of the Bank as most of the term deposits from customers maturing within one year are historically being rolled over.

47 Financial Risk Management - continued

Enterprise Risk Review - continued

47.3 Returns Rate Risk

Return rate risk in the banking book is the risk of an adverse impact on earnings or capital due to changes in market returns rates. Changes in returns rates affect earnings by changing its net returns income and the level of other returns sensitive income and operating expenses. Changes in returns rates also affect the underlying value of the assets, liabilities, and off-balance-sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when returns rates change.

The Bank's objective for management of returns rate risk in the banking book is to ensure a higher degree of returns rate mismatch margin stability and lower returns rate risk over an returns rate cycle. This is achieved by hedging material exposures with the external market.

The Bank's operations are subject to the risk of returns rate fluctuations to the extent that returns-earning assets and returns-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which can arise due to the movement in the various floating rate indices, such as the savings rate and the 90-day NIBOR, until maturity. Non-traded returns rate risk arises in the Bank's book from the provision of retail and wholesale banking products and services, as well as from certain structural exposures within the balance sheet, mainly due to the fact that assets, liabilities and equity may be re-priced at different times. These risks impact both the earnings and the economic value of the Bank.

Overall, management of the Bank's non-trading returns rate risk positions lies with the ALCO. In addition to various strategies, the ALCO defines the internal transfer pricing framework constructed to ensure that returns rate risk arising from mismatches in the maturity profile of assets and liabilities is managed to achieve a balanced repricing cumulative gap position that is in line with the limits set by the Board. The ALCO also makes judgmental assumptions about the behaviour of assets and liabilities that do not have specific contractual maturity or re-pricing dates.

Measurement of returns Rate Risk in the Banking Book

Generally, the primary source of returns rate risk is the differences in the timing of the repricing of the assets, liabilities and off-balance sheet instruments. Repricing mismatches generally occur from borrowing short term to fund long term assets or borrowing long term to fund long term assets. These activities can expose an institutions earnings and economic value of equity (EVE) to changes in market returns rate.

The measures applied by the Bank in monitoring and controlling returns rate risk in the banking book includes:

Net returns Income (NII) Sensitivity – An integral part of the Bank's management of non-traded returns rate risk is to monitor the sensitivity of expected net returns income while applying different rate scenarios (simulation modelling) where other macro-economic metrics are held constant. This monitoring is undertaken at the ALCO level. The Bank applies a combination of scenarios and assumptions relevant to our peculiar businesses in forecasting one-year net returns income sensitivities across a range of returns rate scenarios.

Economic Value of Equity (EVE) - EVE represents the present value of the future banking book cash flows that could be distributed to equity providers under a managed run-off scenario, i.e. the current book value of equity plus the present value of future net returns income in this scenario. This can be used to assess the economic capital required to support returns rate risk in the banking book (IRRBB). An EVE sensitivity is the extent to which the EVE value will change due to a pre-specified movement in returns rates, where all other economic variables are held constant. Operating entities are required to monitor EVE sensitivity as a percentage of capital resources.

The following tables provide information on the extent of the Bank's returns rate exposure. The assets and liabilities are grouped into brackets defined by their time to maturity or the date of the returns rate adjustment. The difference, or gap, between assets and liabilities in each time bracket makes the Bank sensitive to returns rate fluctuations. The amounts are based on returns rate maturities. However, saving and current accounts have a non-defined returns maturity. A quantitative assessment of the returns rate sensitivity of our saving accounts and current accounts has been executed. The outcome of this assessment is used in the calculations for returns rate risk.

Returns Rate Risk - continued

		RATE SENSITIVITY OF ASSETS AND LIABILITIES					
In Thousands of Naira **31 December 2024**	***Notes***	**Less than 3 months**	**3-6 months**		**1 - 5 years**	**More than 5 years**	**Total**
Due from banks	17	13,941,000	-	-	-		13,941,000
Financing Assets	20	21,135,153	5,344,889	2,528,893	10,566,046	1,771,832	41,346,814
- Sukuk instruments at fair value through other comprehensive income	21(b)	0	0	11,382,832	10,938,886	22,953,130	45,274,847
- Sukuk instruments at amortised cost	21(d)	12,283,473	0	6,237,250	1,166,631	517,693	20,205,048
		47,359,626	5,344,889	20,148,976	22,671,563	25,242,655	120,767,709
Non-derivative liabilities:							
Due to Banks	27	3,697,470					3,697,470
Deposits from customers	28	8,626,943	3,519,588	8,964,792	2,858,979		23,970,302
Due To Other Financial Institutions					28,527,457		28,527,457
		12,324,413	3,519,588	8,964,792	31,386,436		56,195,229
Total returns sensitivity gap		35,035,213	1,825,301	11,184,184	(8,714,872)	25,242,655	64,572,480

Financial Risk Management - continued

Market Risks - continued

Returns Rate Risk - continued

Impact of Standardized returns Rate Shock on Earnings

Time Band		No. of Days	Upward 2%	Downward -2%	returns Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month		365	0.02	(0.02)	49,669	993	(993)
from 1 to 3 months		335	0.02	(0.02)	351,393	7,028	(7,028)
from 3 to 6 months		275	0.02	(0.02)	1,825,301	36,506	(36,506)
from 6 to 12 months		185	0.02	(0.02)	11,184,184	223,684	(223,684)
Total					13,410,547	268,211	(268,211)

Impact of Standardized returns Rate Shock on Equity

Time Band		Weighting factor	returns Rate Gap (Net Position)	Impact on Equity
Up to 1 month		0.08%		-
from 1 to 3 months		0.31%		-
from 3 to 6 months		0.68%		-
from 6 to 12 months		1.31%		-
1 years to 2 years		2.46%		-
2 years to 3 years		3.80%		-
3 years to 4 years		5.05%		-
4 years to 5 years		6.41%		-
5 years to 7 years		8.27%		-
7 years to 10 years		9.06%		-
10 years to 15 years		11.70%		-
15 years to 20 years		11.73%		-
More than 20 years		12.72%		-
Total			-	-

47 Financial Risk Management - continued

47.4 Foreign Currency Risk

Foreign exchange risk is the risk that fluctuations in the prevailing foreign exchange rates would affect the value of the Bank's assets and liabilities as well as off-balance sheet items. This also includes positions in local currency that are indexed to foreign exchange rate. Financial Instruments that are exposed to this risk includes; foreign currency denominated loans and advances, securities, future cash flows in foreign currencies arising from foreign currency transactions. Exposures to foreign exchange risk are consistently monitored by limit structures for overnight and intraday positions.

The ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily since an effective overview of such risk is a critical element of the Bank's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and Management aims to ensure that the risk tolerance is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in a foreign currency.

The table below summarises the Bank's exposure to foreign exchange risk at 31 December 2024.

Foreign Currency Concentrations risk as at 31 December 2024

In Thousands of Naira **Assets**	Naira	Dollar	GBP	Euro	Others	Total
Cash and Bank Balances	62,351,790	31,598,417	529,717	2,411,377	-	96,891,300
Due from Commercial Banks	13,941,000					13,941,000
- Equity instruments at fair value through other comprehensive income	824,446	1,832,236	-	-	-	2,656,682
Financing Assets	41,346,814	-	-	-	-	41,346,814
- Sukuk instruments at fair value through other	20,205,048	-	-	-	-	20,205,048
- Sukuk instruments at Amortised Cost	27,330,862	18,278,200	-		-	45,609,062
Other assets	20,009,662	980,556	7,754.60	32,387		21,030,359
Investment-Gold Bullion	2,482,471	-	-	-		2,482,471
Property, plant and equipment	16,861,097	-	-	-		16,861,097
Intangible assets	157,439	-	-	-		157,439
Other Investments	46,345,914	-	-	-		46,345,914
Total financial assets (A)	186,009,621	52,689,409	537,471	2,443,763	-	307,527,186
Liabilities						
Due to Commercial Banks	3,697,470		-	-	-	3,697,470
Deposit from customers	114,489,097	21,276,870	97,252	171,929	-	136,035,148
Due to other financial institutions	-	28,527,457	-	-	-	28,527,457
Other Liabilities	43,027,734	4,148,606	440,219	2,271,694		49,888,253
Total financial liabilities (B)	161,214,300.38	53,952,932.54	537,471.22	2,443,623.36	-	218,148,328
Net financial assets/ (liabilities)	24,795,320	(1,263,523.18)	(0.00)	139.85	-	89,378,858

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET (NGN)

Currency	**Dollar**	**GBP**	**Euro**	**Total**
In Thousands of Naira				
Net On Balance Sheet Position	(1,263,523.18)	(0.00)	140	(1,263,383.33)
Closing Exchange Rate (Naira/Currency)	1,549.00	1,938.65	1,603	
10% Currency Appreciation (-)	1,394.10	1,744.79	1,443	
10% Currency Depreciation (+)	1,703.90	2,132.52	1,764	
Effect of 10% appreciation on Profit	126,352.32	0.00	(13.99)	126,338.33
Effect of 10% depreciation on Profit	(126,352.32)	(0.00)	14	(126,338.33)

41 Financial risk management - continued

Enterprise risk review - continued

Maximum exposure to credit risk before collateral held or other credit enhancements
The Bank's maximum exposure to credit risk as at 31 December 2024 is represented by the net carrying amounts of the financial assets set out below:

Type of collateral or credit enhancement
31 December 2024

		Fair value of collateral and credit enhancements held								
In thousand of Naira	**Maximum exposure to credit risk**	**Cash**	**Secured against Real Estate**	**Stocks/ shares**	**Debenture**	**Others**	**Surplus Collaterals**	**Total collateral value**	**Net exposure**	**Associated ECLs**
Financial assets										
Cash & Bank Balances	3,000,000	-	-	-	-	-	-	-	3,000,000	-
Due from other commercial banks	13,941,000	-	-	-	-	13,941,000	-	13,941,000	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-
Finance Facilities	-	-	-	-	-	-		-	-	-
- Corporate	30,810,286	-	11,558,792	-	58,077,779	26,137,847	-	95,774,417	-	(628,387)
- Individual	4,845,175	100,000	5,963,098	-	-	2,767,256	-	8,830,353	-	(405,249)
Debt instruments at amortised cost	20,205,048	-	-	-	-	-	-	-	20,205,048	(19,632)
Total financial assets at amortised cost	**72,801,510**	**100,000**	**17,521,889**	**-**	**58,077,779**	**28,905,103**		**104,604,770**	**23,205,048**	**(1,053,268)**
Debt instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Total financial instruments at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt instruments at fair value through other comprehensive income	45,274,847	-	-	-	-	-	-	-	45,274,847	(13,588)
Total debt instruments at fair value through other comprehensive income	**45,274,847**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**45,274,847**	**(13,588)**
Financial guarantees	2,669,818	1,386,592	2,271,364	-	-	57,317	-	3,715,273	-	(1,003)
Letters of credit for customers	20,028		-	-	-	-	-	-	20,028	(6)
	120,766,203	**1,486,592**	**19,793,253**	**-**	**58,077,779**	**28,962,420**	**-**	**108,320,043**	**68,499,923**	**(1,067,864)**

Notes to the Financial Statements - continued

Financial risk management - continued

47.5 Operational Risk Management

Operational risk in the Bank is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks.

Operational risk exists in all activities, processes, products and systems. The Bank aims to maintain operational risk within its risk appetite through a strategy anchored on the sustenance of a strong risk culture of individual and collective awareness and understanding of operational risk, accountability and transparency on operational risk issues at all levels, deployment of robust operational risk policies, processes and tools, and collaboration across all the business units and support functions in managing operational risk.

Operational Risk Governance Structure
Operational risk is managed in the Bank along three lines of defense. The first line consists of the business units who own and are directly responsible for managing the risk. They identify and report operational risks in their activities and communicate these risks to the second line of defense which includes the independent risk management and control functions. This line formulates the risk management policies, processes and tools, and provides support in enhancing and monitoring the effectiveness of controls in the business units and support functions, while the third line of defense, the Internal Audit department, provides independent assurance on the adequacy, appropriateness and effectiveness of the risk management policies and process on an ongoing basis.

The Bank maintains a dedicated Operational Risk Management (ORM) function which formulates the operational risk management strategy, policy and framework. The department, through the Chief Risk Officer, has a reporting line to the Executive Management, Management Risk Committee and Board Risk Management Committee, depicting a robust governance structure. The Board approves the Bank's ORM policy and appetite. The Management Risk Committee reviews operational risk management reports quarterly and defines action plans to minimize material risks to acceptable levels. In addition, the ORM department collaborates with the Conduct and Compliance Division to ensure effective implementation of the ORM framework in the business units and support functions. It also works closely with the business units to manage operational risk based on the outcomes of the monitoring activities of the Conduct and Compliance Division. The ORM department is audited regularly by the Bank's internal and external auditors.

Operational Risk Management Framework
The Bank has a robust framework for managing operational risk. The framework defines the core governing principles and processes for the effective identification, assessment, mitigation, and monitoring of operational risks in line with regulatory requirements and international best practices. The key processes and tools in the ORM framework include the following:

1 Risk and Control Self-Assessment
The Bank's Risk and Control Self-Assessment (RCSA) program provides a structured approach for business owners to identify material risks in their business areas, assess the effectiveness of controls in mitigating the risks and implement actions to proactively address the identified vulnerabilities. RCSA helps senior management to assess the overall effectiveness of the control environment, improve risk decision making, and optimize controls to meet business objectives.

The RCSA is also a rich source of information for developing heat maps that highlight the Bank's areas of vulnerability, risk concentration and materiality.

The RCSA program was redesigned and enhanced in the third quarter of the year to improve the risk identification and control assessment process, ensure ownership of risks at senior levels within the business, and enhance the monitoring and resolution of issues.

Operational Risk Management - continued

Risk assessments of new and existing products, processes and applications are also conducted to identify material operational risks and ensure adequacy and effectiveness of implemented mitigating controls.

2 **Key risk indicators**

The Bank uses Key Risk Indicators which provide early warning signals of changes in the risk profile to monitor and mitigate key threats to the achievement of strategic goals. Material breaches are reported monthly and quarterly to Management for timely remediation.

3 **Operational Risk Event Data Collection**

The Bank maintains a comprehensive internal loss database aligned with regulatory and Basel standards for collecting, analyzing and reporting operational risk events and losses. The data on the Bank's historical loss experience provides meaningful information for assessing the exposure to operational risk, developing risk scenarios, prioritizing risk decisions, and implementing controls to mitigate risks. Strict reporting requirements are in place to ensure that operational risk incidents are escalated to relevant stakeholders for timely decision making. Adequate risk transfer mechanisms including insurance and outsourcing are in place to minimize the impact of operational risk events on the Bank. The lessons learnt from operational risk events and losses are communicated across the Bank and used in improving the control environment.

4 **Scenario Analysis**

The Operational Risk Management department utilizes scenario analysis of the Bank's internal historical losses and material external risk events in modelling tail risk events, determining the potential impact on the organization, and proactively developing action plans to mitigate the risks.

Business Continuity Management

The Bank obtained the Business Continuity Management System (BCMS) certification (ISO 22301) within the year in line with international principles and standards. This certification indicates that a comprehensive Business Continuity Plan and robust recovery processes and systems are in place to build resilience, safeguard the Bank's employees and assets, maintain strategic communications, minimize service disruption and losses, and ensure timely recovery and resumption of operations and technology infrastructure in the event of a disaster. The Bank's dedicated Business Continuity Manager coordinates the activities of the BCMS and ensures the development, implementation and testing of the BCP is in line with international standards and best

The Operational Risk Management framework is supported by other departmental policies and procedures that guide the daily activities of the business units and functions and ensure adequate controls are implemented to mitigate risks. The policies and procedures are regularly reviewed and updated, and the processes redesigned or automated where required, to improve operational efficiency and the effectiveness of controls across the Bank.

Periodic reports on the identified operational risks are circulated to the relevant stakeholders for timely remediation of issues, enhancement of controls and to increase awareness of operational risk across the Bank.

Notes to the Financial Statements - continued

Financial risk management - continued

Operational Risk Management - continued

Operational Risk Capital Charge
The Bank uses the Basic Indicator Approach for computing the capital charge for operational risk in line with regulatory requirements.

31 December 2024

Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
In thousands of Naira						
Basic Indicator Approach (BIA)						
Gross Income	15%	5,164,742	4,876,803	16,607,249	26,648,794	3,997,319
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						1,332,440
Calibrated Risk Weighted Amount (BIA)						16,655,496

47.6 Capital management

(a) Regulatory capital
The Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria. In implementing current capital requirements, the Central Bank of Nigeria requires the Bank to maintain a 10% minimum ratio for total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as Fair value through other comprehensive income.
Various limits are applied to elements of the capital base. The qualifying Tier 2 capital is limited to 33.3% of Tier 1 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets.

The CBN in its circular BSD/DIR/GEN/LAB/12/011/3 effective 10 April 2019 informs banks on the exclusion of the following reserves in the computation of total qualifying capital:

- Regulatory adjustments/deductions applicable to T2 capital

(b) Capital Adequacy Ratio
In accordance with Central Bank of Nigeria regulations, a minimum threshold of 10% is to be maintained when computing the ratio qualifying capital to risk weighted assets.

The capital adequacy computation for the year ended 31 December 2024 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by Central Bank of Nigeria, referenced BSD/DIR/GEN/LAB/12/011/5 and dated 10 April 2019. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

AltBank, in line with the directives from the Central Bank of Nigeria (CBN), has adopted the following approaches for its Pillar 1 capital calculations:

- Credit Risk – Standardised Approach
- Market Risk – Standardised Approach
- Operational Risk – Basic indicator approach, which is 15% of the average gross income for the past 3 year.

Notes to the Financial Statements

Financial risk management - continued

(c) Capital Adequacy Ratio

Constituents of Capital	**31-Dec-24**
In millions of Naira	
Tier 1 capital	
Share capital	10,000,000
Share Premium	-
Retained Earnings	566,423
Statutory Reserve	3,740,569
SMEEIS Reserve	-
AGSMEIS Reserve	623,428
Other Reserves	5,000,000
Profit Equalisation reserve	89,366
Tier 1 Capital Before Regulatory Deduction	20,019,786
Regulatory Deduction	
Deferred tax assets	-
Other intangible assets	157,439
Total Regulatory Deduction	157,439
Tier 1 Capital after Regulatory Deduction	19,862,347
Tier 2 capital: Instruments & Reserves	
Other comprehensive income	786,259
Eligible Tier 2 Capital	786,259
Total regulatory capital	20,648,606
Risk-weighted assets	159,972,934
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets	12.91%

Internal Capital Adequacy Assessment Process (ICAAP)

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to meet regulatory requirements for current and future business needs, including under stress scenarios. The framework has been structured in line with CBN requirements to identify the risks inherent in the Bank's business and sets out the Bank's philosophy, processes, and techniques for managing risks across the Bank. Furthermore, it describes the controls management has implemented to reduce the likelihood of occurrence and minimize the impact of risk events on the business and includes information on the Bank's governance structure, and policies that support risk and capital management systems.

47 Financial risk management - continued

47.6 Capital management - continued

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives.

48 Maturity Analysis of Assets and Liabilities

December 2024.

Maturity analysis of assets and liabilities **31-Dec-24** ***In thousands of Naira*** Assets	**Less than 3 months**	**3-6 months**	**6-12 months**	**1 - 5 years**	**More than 5 years**	**Total**
Cash & Bank Balances	35,710,088				61,181,212	96,891,300
Due from Other Commercial Banks	13,941,000					13,941,000
Financing Assets	21,135,153	5,344,889	2,528,893	10,566,046	1,771,832	41,346,814
Sukuk instruments at fair value through other comprehensive income	0	0	11,382,832	10,938,886	22,953,130	45,274,847
Sukuk instruments at Amortised Cost	12,283,473	0	6,237,250	1,166,631	517,694	20,205,048
Equity instruments at fair value through other comprehensive income	-	-	-	-	2,656,682	2,656,682
Investment-Gold Bullion	2,482,471					2,482,471
Other assets	22,454,874			931,612		23,386,486
Property, plant and equipment	-	-			16,861,097	16,861,097
Intangible assets	-	-	-		157,439	157,439
Other Investments	20,744,580	4,840,180	3,518,586	15,042,568	2,200,000	46,345,913
Total	128,751,639	10,185,069	23,667,562	38,645,743	108,299,086	309,549,098

In thousands of Naira Liabilities	**Less than 3 months**	**3-6 months**	**6-12 months**	**1 - 5 years**	**More than 5 years**	**Total**
Due To Other Commercial Banks	3,697,470				-	3,697,470
Deposits from customers	39,379,557	30,223,212	63,573,400	2,858,979		136,035,148
Due to Other financial institutions			-	28,527,456	-	28,527,456
Other liabilities	36,155,048		1,494,778	17,040,300		54,690,126
Total	79,232,075	30,223,212	65,068,178	48,426,735	-	222,950,200
Net	49,519,564	(20,038,144)	(41,400,617)	(9,780,992)	108,299,086	86,598,898

49 Fair Value of financial instruments

The Bank's accounting policy on fair value measurements is discussed under note 2.2.19. The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

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). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value measurement hierarchy for assets & liabilities as at 31 December 2024

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Financial Instruments					
Sukuk instruments measured at FVOCI	22	45,274,847	-	-	45,274,847
Equity instruments at fair value through other comprehensive income	26	-	-	3,109,044	3,109,044
Assets for which fair value are disclosed					
Cash & Bank balances	16			96,891,300	-
Sukuk instruments measured at Amortised Cost	22	20,205,048	-	-	20,205,048
Due from Other Commercial Banks	17		-	13,941,000	-
Financing Assets	23	-	-	41,346,814	41,346,814
Liabilities for which fair values are disclosed:					
Due to other commercial banks	32	-	-	3,697,470	3,697,470
Deposits from customers	33	-	-	136,035,148	
Due to other financial institutions	34	-	-	28,527,457	28,527,457

Fair value measurement hierarchy for assets & liabilities as at 31 December 2023

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Financial Instruments					
Sukuk instruments measured at FVOCI	22	31,780,498	-	-	31,780,498
Equity instruments at fair value through other comprehensive income	26	-	-	3,628,065	2,823,587
			-		
Assets for which fair value are disclosed					
Due from Other Commercial Banks	17	-	19,987,590	-	19,987,590
Financing Assets	23	-		33,122,757	33,122,757
Liabilities for which fair values are disclosed:					
Due to other commercial banks	30	-	-	8,627,430	8,627,430
Deposits from customers	31	-	-	71,699,146	71,699,146
Due To Other Financial Institutions	32	-	-	25,617,715	25,617,715

49 **Fair Value of financial instruments - continued**

In thousands of Naira	Carrying amount Dec-24	Fair value amount Dec-24
Financial assets		
Cash and balances with Central Bank of Nigeria	96,891,300	96,891,300
Due from banks	13,941,000	13,941,000
Financing Assets	41,346,814	33,593,948
Investment in securities:		
- Equity instruments at fair value through other comprehensive income	2,656,682	2,656,682
- Sukuk instruments at FVOCI	45,609,062	45,609,062
- Sukuk instruments at amortised cost	20,185,415	19,619,291
Total	**220,630,273**	**212,311,282**
Financial liabilities		
Deposits from banks	3,697,470	3,697,470
Deposits from customers	136,035,148	136,035,148
Due to Other Financial Institutions	28,527,457	27,734,432
Total	**168,260,075**	**167,467,050**

The following methods and assumptions were used to estimate the fair values:

Assets for which fair value approximates carrying value

The management assessed that cash and balances with Central Bank of Nigeria, creditors & accruals and customer deposit for foreign trade approximate their carrying amounts largely due to the short-term maturities of these instruments. For financial assets and financial liabilities that are without a specific maturity; it is assumed that the carrying amounts approximates their fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the FGN Sukuk are based on price quotations at the reporting date. The fair value of unquoted instruments, Financing Assetstly available for financing on similar terms, financing risk and remaining maturities.

The fair values of the remaining FVOCI financial assets are measured using quoted market prices in active markets which are

The table below sets out information about significant unobservable inputs used as at 31 December 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of Financial Instrument	Fair Value as at December, 2024	Valuation technique	Unobservable Input	Range of Estimate for Unobservable Inputs (December, 2024)
Unquoted Equities	2,664,109.00	Discounted Cashflow (DCF)	Weighted Average Cost of Capital (WACC)	22.5% - 25.5%
			Terminal Growth Rate (TGR)	4% - 5%

Level 3 fair value measurements - Effect of unobservable inputs on fair value measurement

The table below sets out information about significant unobservable inputs used as at 31 December 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Key Assumption		Effect on Other Comprehensive Income	
		December. 2024	
		14% Increase	14% Decrease
		N'million	N'million
Discounted Cash Flow (DCF)		445	(445)

Notes to the Financial Statements - continued

50 Customer Complaints

In line with circular No.: FPR/DIR/GEN/01/020, the returns on the customer complaints for the year ended 31 December 2024 is as set out as below:

a

The Alternate Bank						
	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
Financial year	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
				In millions of Naira		
Pending complaints b/f	105	-	2	N/A	N/A	N/A
Complaints received	126,762	60,988	33,542	3,345	-	-
Complaints resolved	126,356	60,883	33,515	3,343	-	-
Unresolved complaints escalated to CBN for intervention	N/A	-	N/A	N/A	N/A	N/A
Unresolved complaints pending with the bank c/f	511	105	29	2	N/A	N/A
					99.68%	

Refunded Amount to Petitioner: Represents funds returned by the Bank to a customer, covering overcharges, fraud-related losses attributed to bank negligence, or as a gesture of compassion. If inapplicable, the reported value is zero.

Claimed Amount by Petitioner: Denotes the sum a customer asserts in conjunction with their complaint.

b Incidences of Fraud & Forgeries:

		Amount Involved		Reported Loss on Returns		Actual Loss (Adjusted for
Month	Cases	Naira	$	Naira	$	Naira
January 2024	-	-	-	-	-	-
February 2024	-	-	-	-	-	-
March 2024	1.00	2,528,895.88	-	2,528,895.88	-	2,528,895.88
April 2024	-	-	-	-	-	-
May 2024	-	-	-	-	-	-
June 2024	-	-	-	-	-	-
July 2024	-	-	-	-	-	-
August 2024	-	-	-	-	-	-
September 2024	4.00	16,880,550.00	-	16,880,550.00	-	473,500.00
October 2024	1.00	205,000.00	-	205,000.00	-	-
November 2024	-	-	-	-	-	-
December 2024	-	-	-	-	-	-
Total	**6.00**	**19,614,445.88**	**-**	**19,614,445.88**	**-**	**3,002,395.88**

Note: For the fraud incident involving N2,528,895.88 in March 2024, the case has been reported to the Police for further investigation regarding the ex-staff (outsourced) responsible for the fraud.

Regarding the N16,880,550.00 fraud in September 2024, it was determined that N15,000,000.00 resulted from the customer's negligence in compromising their account details, and as such, the bank did not incur the loss. From the remaining N1,880,550.00, the bank successfully recovered N703,746.25 through Fidelity Bank and an additional N703,525.00

Lastly, for the N205,000.00 fraud in October 2024, the ex-staff (outsourced) reimbursed the affected customer before leaving the bank's service.

c Card Usage Data:

In line with the Central Bank of Nigeria guidelines for card issuance and usage in Nigeria,Section 11.0, the report on card card issuance and usage for the year ended 31 December 2024 is set out below:

In thousands of Naira	31-Dec-24		
Product	**Count**	**Volume**	**Value**
Mastercard	1,830	515,703	11,064,506,904
Verve	92,285	10,371,313	212,407,821,317
Afrigo	27	2	15,000

d Whistle Blowing:

The Bank complied with the provisions of CBN circular FPR/DIR/CIR/GEN/01/004, code of Corporate Governance for Banks and Discount Houses in Nigeria and guidelines for Whistle Blowing in Nigeria Banking Industry, for the year ended 31 December 2024.

e Fines and Penalties:

The bank was penalised by the Central Bank of Nigeria with the sum of N2million for the failure to recruite the Chief Audit Executive (CAE) in line with provisions of Section 50 of Banks and Other Financial Institutions Act (BOFIA) of 2020.

f Non-Audit Services:

During the year, the Bank's auditor - Deloitte & Touche provided the following permissible non-audit services to the Bank.

Non-Audit Services

During the year, the Bank's auditor, Deloitte & Touche, provided the following permissible non-audit services to the Bank:

Amount in Thousands of Naira	***Amount***
Description of the service	
i) Independent Assessment of the Risk Management Function	2,100
ii) Independent review of Corporate Governance	1,400
Iii) Independent review of Internal Control Over Financial Reporting	8,126

In the Bank's opinion, the provision of these services did not impair the independence and objectivity of the external auditor as adequate safeguard was put in place.

VALUE ADDED STATEMENT

In thousands of Naira	12 Months to 31-Dec-24	%	6 Months to 31-Dec-23	%
Gross Earnings	**35,760,095**		**10,210,589**	
Returns paid to Mudarabah Investors	(8,999,697)		(2,377,925)	
	26,760,398		7,832,664	
Impairment Charges on Investments & Financing Assets	(10,767)		(246,747)	
Bought in goods and Services	(11,712,605)		(2,224,073)	
Value Added	**15,037,027**	**100**	**5,361,844**	**100**
Distributions to:				
Employees				
Salaries and other Employees Benefits	4,016,138	27	2,515,752	48
Government				
Income Taxes	353,627	2	262,270	5
Dividends	4,400,000	29	0	0
Reinvestments:				
Depreciation and Amortization	589,173	4	114,054	2
Retained Earnings and Statutory Reserves	5,678,088	38	2,390,477	45
Total Value Added	**15,037,027**	**100**	**5,282,553**	**100**

Value Added is the wealth created by the efforts of the Bank and its employees. This statement shows the allocation of that wealth among employees, shareholders, government and amount reinvested for the creation of further wealth within the business.

OTHER NATIONAL DISCLOSURES

FINANCIAL SUMMARY

In thousands of Naira

Statement of Financial Position
As at 31 December 2024

In thousands of Naira	Notes	31-Dec-24	31-Dec-23
Assets			
Cash & Bank balances	16	96,891,300	60,033,957
Due from Other Commercial Banks	17	13,941,000	19,987,590
Investment - Commodity Stocks	18	27,055,406	8,656,992
Investment-Gold Bullion	19	2,482,471	1,828,128
Accounts Receivable	20	1,228,998	1,436,550
Investment in Sukuk	22	65,794,477	31,780,497
Halal Portfolio Investment	21	5,355,975	4,163,533
Financing Assets	23	41,346,814	33,122,757
Other marketing instruments	24	1,081,875	-
Other Investments - Musharakah	25	4,151,119	1,353,707
Investment in Unquoted Equity	26	2,656,682	3,628,065
Other assets	27	21,030,359	3,086,543
Investment Property	28	4,036,050	
Annual Reports and Financial Statements	29	3,436,491	-
Property, Plant and Equipment	30	16,861,097	8,700,744
Intangible assets	31	157,439	151,092
Total assets		**307,507,552**	**182,720,624**
Liabilities			
Customer Current Deposits	33	136,035,148	71,699,146
Due to other commercial banks	32	3,697,470	8,627,430
Due To Other Financial Institutions	34	28,527,457	25,617,715
Current Income Tax Payable	14	229,853	51,053
Other Liabilities	36	47,875,978	25,692,160
Lease liability	37	1,580,867	-
Deferred Tax Liabilities	14	78,818	177,925
Provisions	38	86,304	6,148
Total liabilities		283,563,360	168,178,265
Unrestricted Investment Accounts	39	65,415,032	36,306,688
Owners' equity			
Share Capital	40	10,000,000	10,000,000
Retained Earnings		566,423	1,484,349
Other Components of Equity		8,288,404	2,968,644
Profit Equalisation Resere		89,366	89,366
Total equity		23,944,192	14,542,359
Total Equity and Liabilities		**307,507,552**	**182,720,624**

Statement of Comprehensive Income

In thousands of Naira	Notes	31-Dec-24	31-Dec-23
Gross Earnings		**35,760,095**	**10,210,588**
Income from Financing Operations	6	6,961,948	2,784,253
Income from investment in Sukuk Securities (measured using effective return rate)	6.1	10,539,845	2,641,994
Income from other Investing Activities	6.2	5,629,411	677,208
Gross income from financing & Investment transactions		23,131,204	**6,103,455**
Impairment on Financing & Investment Contracts	7	(10,767)	(246,747)
Net income after impairment		**23,120,438**	**5,856,708**
Returns to Investment Account Holders	8	(8,999,697)	(2,377,925)
		14,120,741	**3,478,783**
Fees and Commission income	9	2,903,839	1,735,495
Fees and Commission expense	9.1	(417,330)	(79,290)
Other operating income	10	9,725,052	2,371,638
Total Income		**26,332,301**	**7,506,626**
Expenses:			
Personnel Expenses	11	4,016,138	2,515,752
Depreciation and Amortization	12	589,173	114,054
Other Operating expenses	13	11,295,274	2,224,073
Total expenses		**15,900,585**	**4,853,879**
Profit before tax		**10,431,715**	**2,652,747**
Income tax expenses & Levies	14	(353,627)	(262,270)
Profit for the period		**10,078,088**	**2,390,477**
Other comprehensive income:			
Items that will not be reclassified to profit or loss subsequent period:			
Revaluation gain on equity instruments at fair value through other comprehensive income		(835,674)	1,382,640
Total items that will not be reclassified to profit or loss subsequent period		**(835,674)**	**1,382,640**
Items that will be reclassified to profit or loss in subsequent period:			
Sukuk Instruments at fair value through other comprehensive income:			
- Net change in fair vaue during the year		(355,989)	578,774
- Changes in allowance for expected losses		-	101,101
Net (losses) / gains on Sukuk instrument at fair value through other comprehensive income		**(355,989)**	**679,875**
Total Items that will be reclassified to profit or loss in subsequent period:		**(440,581)**	**679,875**
Other comprehensive income / (loss) for the year net of tax		**(1,276,256)**	**2,062,515**
Total comprehensive income for the period		**8,801,832**	**4,452,992**
Earnings per share			
Basic and Diluted Earnings per share (kobo)		50	12

The accompanying notes to the financial statement form part of the financial statements.

Basic Information

Senior Management List

HASSAN YUSUF	MANAGING DIRECTOR
KOREDE DEMOLA-ADENIYI	ED, SOUTH BANK
GARBA MOHAMMED	ED, NORTH BANK
FATAI TELLA	CHIEF OPERATING OFFICER
MOHAMMED ABDUL	DIVISIONAL HEAD, SALES
OLUGBENGA AWE	GROUP HEAD, STRUCTURED TRADE & COMMODITIES FINANCE
MOHAMMED MUSTAPHA	CHIEF RISK OFFICER

Branch Network

S/N	LOCATION	ADDRESS
1	Althaven	No 27, Libreville crescent, Wuse 2, Abuja
2	Zaria	1-3, Park road, Sabon gari, Zaria, Kaduna
3	France Raod	No 8, France Road, Sabon-Gari, Kano
4	Ultra-modern Market	No 2, Block no. C1, Civic Center ultra-modern market, Railway premises, Civic Center road,Kano
5	Kwari Market	20, Unity Rd (Kwari Mkt) Kano
6	Katsina (Co-location)	No 34, General Hassan Usman Way, Katsina
7	Lafia	Cadastral zone A22, Plot 11340, Lafia Millionaire quarters, Nassarawa
8	AltPlace Yaba	320, Herbert Macaulay way, Sabo, Yaba, Lagos
9	Bogije	Covel Plaza, opposite beechwood estate, Ibeju lekki expressway, Lagos
10	Marina	21/22 Marina Lagos
11	Admiralty	Plot2, block12E, Admiralty way, Lekki phase 1
12	APETE WAKEEL SHOP	AGC plaza opp Awotan central mosque, Awotan Apete Ibadan.
13	DEIDEI WAKEEL SHOP	1st floor Royal plaza, Deidei market, Abuja
14	MAIDUGURI WAKEEL SHOP	Bara'Imul-Iman college, damboa road, Maiduguri
15	HOTORO WAKEEL SHOP	140, Maiguduri road, opposite NNPC depot, Hotoro, Kano
16	JOS MINI BRANCH	Beach plaza, 15, Beach road, Jos
17	AHMADU BELLO WAY, KADUNA	ATC plaza, Ahmadu bello way, Kaduna
18	BAKKY PLAZA	Agungi Lagos
19	ILORIN BRANCH	Umar-Audi Road
20	MARARABA MINI BRANCH	Kwadmall shopping complex, Mararaba, Nasarawa