the alternative bank

2025 ANNUAL REPORT

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of Alternative Bank Limited (the "Company") will be held virtually via **altbank.ng/agm** on Tuesday, 4th August 2026 at 10:00 am to transact the following businesses.

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2025, the reports of the Directors, Auditors, and the Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors:
   a) To elect Mr. Henry Nduka Onyiah as an Independent Non- Executive Director
   b) To re-elect the following Directors retiring by rotation:
   - Mr. Muhtar Bakare
   - Mr. Emmanuel Onasanya
   - Mr. Yemi Odubiyi
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To disclose the remuneration of Managers of the Company under Sections 238 and 257 of the Companies and Allied Matters Act 2020.

SPECIAL BUSINESS

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

   That the Directors' Fees for the year ending 31st December 2026 be fixed at N193, 510,000.00 (One Hundred and Ninety-Three Million, Five Hundred and Ten Thousand Naira) for Non-Executive Directors until reviewed by the Company at an Annual General Meeting.

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. **STAMPING OF PROXY**

The cost of stamping the instruments of proxy would be borne by the Company.

3. **DIVIDEND PAYMENT**

If approved, a dividend in the sum of N11.17 per ordinary share will be paid via e-mandate on 4th August 2026 to the shareholders.

4. **ELECTION/RE-ELECTION OF DIRECTORS**

In accordance with the provisions of the Company's Articles of Association, the Directors to retire by rotation at the 3rd Annual General Meeting are Mr. Muhtar Bakare, Mr. Yemi Odubiyi and Mr. Emmanuel Onasanya. The retiring Directors, being eligible, offer themselves for re-election.

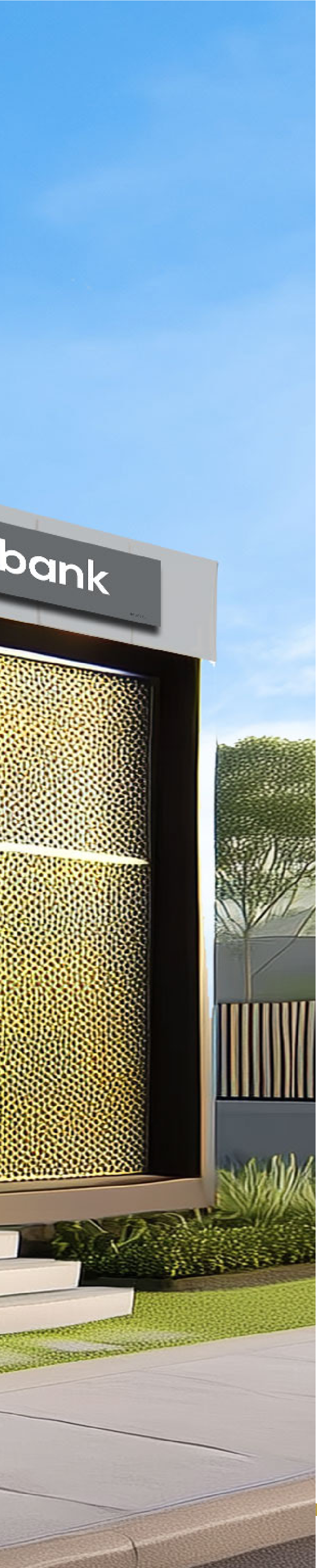
Mr. Henry Nduka Onyiah is being proposed for election as an Independent Non-Executive Director.

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 July 2026
BY ORDER OF THE BOARD

OLUTOMI OJO
Company Secretary
22 Marina, Lagos


the alternative



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Performance Highlights

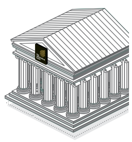
Financials

Total Assets	N555.8bn	81% ▲
Financing Assets	N84.2bn	104% ▲
Investment in Commodity Stocks	N72.8bn	169% ▲
Total Equity	N42.5bn	77% ▲
Gross Earnings	N61.8bn	73% ▲
Net Income after Impairment	N54.3bn	135% ▲
Pre-tax Profit	N13.6bn	30% ▲
Post-tax Profit	N13.1bn	31% ▲

Channels | Alternative Bank Limited

14,000+
POS Terminals

557,000+
USSD Users



19
Branches

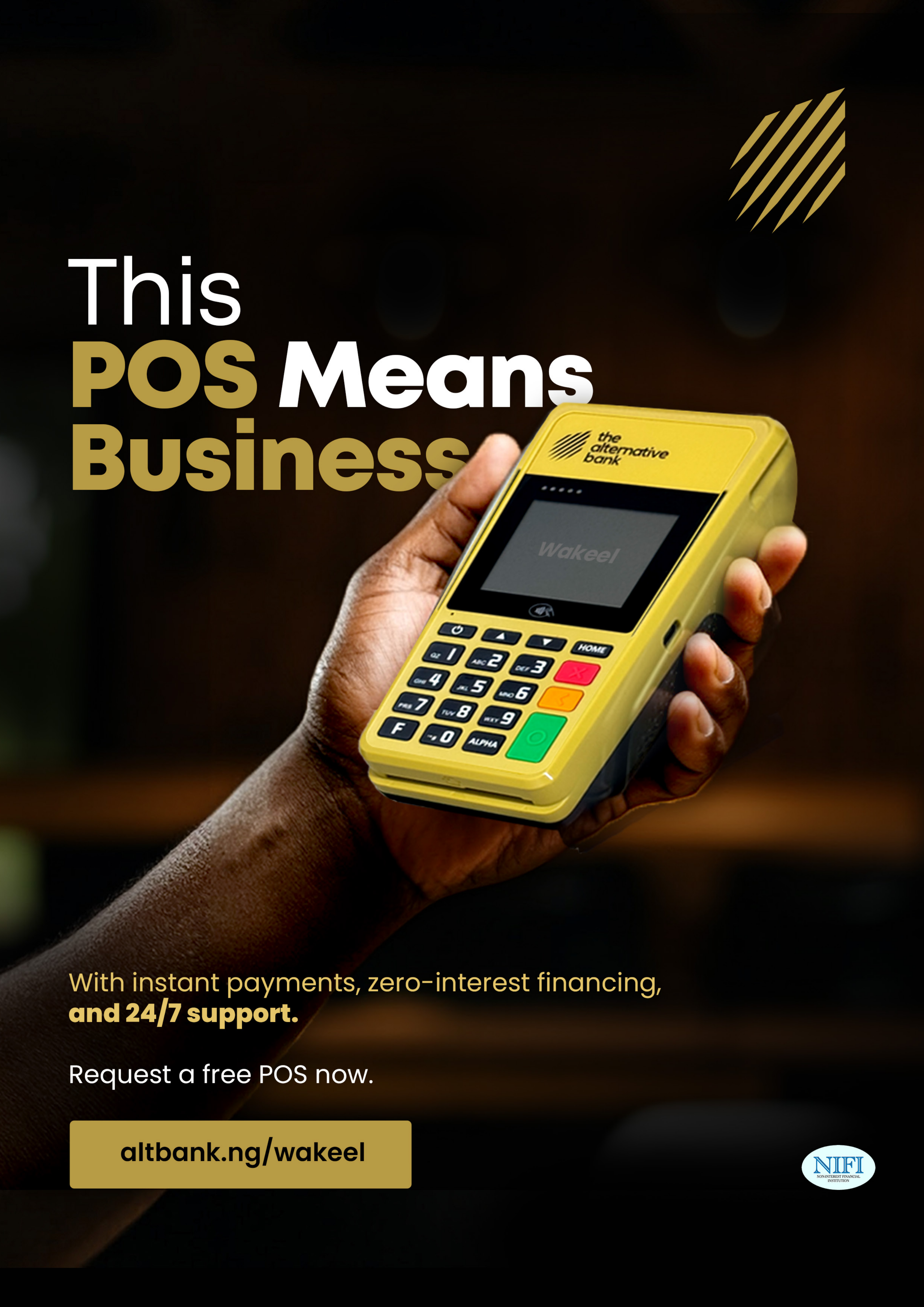
173
Altboxes

780
Professional Staff

1,000,000+
Customers

Ratings | Alternative Bank Limited

GCR Ratings	DataPro
BB+: Long-term issuer	BBB: Long-term issuer
B: Short-term issuer	A2: Short-term issuer


This
POS Means
Business
the alternative bank
Wakeel
With instant payments, zero-interest financing,
and 24/7 support.
Request a free POS now.
altbank.ng/wakeel
NIFI

Our Business **Model**

OUR STRATEGY

For over a decade, we have been at the forefront of redefining banking in Nigeria, beginning as a Non-Interest Banking window and pioneering an alternative financial model anchored in ethics, sustainability, and financial inclusion. Since transitioning into a full-fledged Non-Interest Bank in July 2023, our journey has been marked by bold innovation, deep customer focus, and a steadfast commitment to shared prosperity.

Today, we stand as a leader in ethical banking, uniquely positioned to positively shape the financial lives of our customers. Our strategic direction is fully aligned with and complementary to the broader Sterling Group strategy. While the Group pursues scale across multiple financial services verticals, we operate as a focused platform for ethical finance, sustainability-led investments, and inclusive growth models, ensuring that Alternative Bank Limited's growth reinforces overall Group resilience, diversification, and long-term strategic coherence.

WHAT IS OUR BUSINESS?

Frontier markets are often defined by rapid growth coupled with structural challenges, and Nigeria is no exception. In an environment shaped by macroeconomic volatility and constant change, there is an urgent need to build a self-sustaining financial ecosystem that supports growth from within.

History has repeatedly shown that long-term economic resilience cannot be outsourced. Local capital must solve local problems, and as a society, we must rise to this responsibility. Financial institutions play a pivotal role in this process, serving as key drivers of economic activity, employment, and innovation. The Nigerian banking industry has made significant progress despite challenging market conditions and will continue to demonstrate resilience and adaptability.

However, even with these successes, the existing financial model has not adequately addressed four fundamental dilemmas in the global financial system.

The Four Market Dilemmas

1. **The Capital Dilemma:**

   Despite unprecedented global wealth now exceeding $100 trillion, the distribution of capital remains highly concentrated among a small segment of the global population. Access is further constrained by rigid financial structures (primarily debt-based models) and geographic limitations.

   While the current system has improved capital availability, it has not achieved efficient or equitable distribution. Persistent inequality and recurring economic shocks demonstrate that this model is unsustainable for achieving long-term, inclusive growth.

2. **The Access Dilemma:**

   Financial inclusion initiatives have expanded reach to previously underserved populations through technology and targeted interventions. However, progress has largely stopped at access rather than meaningful usage.

   The gap between financial services and the real capital needs of consumers and businesses remains wide. Barriers to entry are still high, limiting the economy's ability to fully leverage available capital for productive and long-term growth.

3. **The Cost-to-Serve Dilemma:**

   Financial institutions currently deliver services through digital and traditional channels, both of which carry significant cost implications. Rising operational expenses, an increasingly diverse customer base, and intensifying competition have exacerbated this challenge.

In a largely homogenous market, differentiation has become the primary battleground, requiring innovative service delivery models that balance efficiency with scale.

4. **The Organisational Dilemma:**

Many institutions struggle to simultaneously deliver on today's business demands while building the capabilities required for future growth. Existing operating models are optimized for current performance but often fail to support innovation, agility, and emerging opportunities.

As customer expectations evolve and market dynamics shift, financial institutions must adopt more adaptive and forward-looking organisational models to remain relevant.

OUR ALTERNATIVE APPROACH

Nigeria is entering a transformative financial era where innovation meets opportunity. Sustained growth will require more specialized and sophisticated financial solutions, extending beyond traditional commercial banking. As emerging market economies mature, local financial institutions are increasingly positioned not only to support domestic development but also to expand beyond their borders.

Our response is to deliver an Alternative Banking model designed to address these systemic challenges through ethical finance, partnership-based capital structures, and technology-enabled inclusion.

FROM PROBLEM TO SOLUTION

The Problem	Our Solution
The Capital Dilemma	Bridge the gap between local capital needs and global capital pools. Move beyond a debt-only model by deploying equity, partnership, and hybrid financing structures suited to early-stage and growth businesses.
The Access Dilemma	Develop alternative access mechanisms and financial instruments that support long-term enterprise growth, reduce rural–urban disparities, and accelerate the development of the rural economy for broader national impact.
Cost-to-serve Dilemma	Leverage technology and digital-first models to efficiently extend services to underserved and previously unbanked markets at lower marginal cost.
Organisational Dilemma	Create new markets and new lines of business, backed by agile operating models that encourage innovation while sustaining core performance.

OUR PURPOSE

"Creating Wealth"

Our purpose as an organisation is to create wealth, not only in the traditional financial sense, but as a broader commitment to empowering individuals, growing businesses, and building prosperous communities. We do this by innovating to challenge boundaries, constantly seeking new ways to serve, rethinking our models, and leveraging technology to deliver greater value.

Through both digital and traditional channels, we remain committed to making banking more accessible, personalised, and effective for everyone.

OUR MISSION

"We innovate to challenge boundaries"

We are devoted to building and maintaining the best and most respectable financial institution, serving our clients and enabling our communities. Our innovation is also driven by a commitment to inclusivity and a desire to reach underserved markets.

To do this, we must continue to deliver long-term value to our stakeholders while holding on to the principles that we committed to. Only by building and maintaining a healthy and vibrant company can we invest for the long run and thrive in good and bad times.

OUR VALUES

Our values define who we are and guide how we think, act, and succeed as an organisation. Represented by the 3Es - Empathy, Execution, and Excellence, they shape our culture, decision-making, and relationships.

Empathy:

We value empathy and foster a culture of understanding and compassion. For our customers, this means we actively listen to their needs, concerns, and feedback, ensuring we deliver personalised and meaningful solutions. Internally, we support one another, recognising and respecting each team member's perspectives and experiences. Empathy isn't just about understanding; it's about acting with kindness, compassion, and respect.

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.

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. We will continue to execute our plans to drive efficiency across the business through digitisation and partnerships to connect people and businesses in our ecosystem. 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 disrupting 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 across key areas such as developer augmentation, creative content generation, and knowledge management, while actively exploring hundreds of additional opportunities for innovation. Through disciplined execution, we will drive efficiency across the business by leveraging digitisation and strategic partnerships to better connect people and businesses to our ecosystem. As part of this commitment, we will continue to:

- Improve service delivery and overall customer experience.
- Digitise our core markets to enhance reach and efficiency.

- Transform existing traditional processes to enable scalability, agility, and sustainable growth.

OUR ROAD MAP

Alternative Bank Limited (AltBank/the Bank) is building an economy where everyone can achieve financial independence. To realise this vision, the institution has developed a unique and thoughtful roadmap designed to meet the financial needs of individuals and businesses in a seamless and sustainable way.

This roadmap is focused on removing friction, enabling growth, and delivering value across our ecosystem, and includes the following key initiatives:

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. Through sustained investment in cutting-edge financial technology, we deliver seamless, smart, and intuitive banking services that cater to Nigeria's tech-savvy, youthful, underbanked, and unbanked population.

b. We will continue to expand our interest-free financing and profit-sharing investment models, ensuring individuals and businesses have access to sustainable and equitable financial growth. Our approach prioritises transparency, financial inclusion, and customer empowerment. By strengthening our capital base, risk management frameworks, and internal governance, we are building a resilient and competitive business model that positions AltBank as a financially stable, ethical, and innovative digital bank.

2. Community Engagement and Financial Inclusion

a. At AltBank, we believe that social impact and financial success go hand in hand. We are committed to empowering financially underserved communities by providing the tools, knowledge and resources needed to unlock economic opportunity. Through nationwide financial literacy initiatives, we educate individuals on savings, investments, and ethical finance principles, equipping them to make informed financial decisions. We also partner with educational institutions and small and medium-scale enterprises (SMEs) to deliver tailored financial solutions that enable entrepreneurship, support sustainable business growth and remove financial barriers for individuals and enterprises seeking meaningful progress.

b. Through green and sustainable banking initiatives, we are advancing eco-conscious financial solutions that support environmental responsibility. This includes green financing for sustainable businesses and ethical investment opportunities aligned with long-term environmental goals. Internally, we are reducing our carbon footprint through a holistic integration of environmentally friendly banking operations. Environmental sustainability is at our core, and we remain committed to fulfilling our promise of building a responsible, future-focused financial ecosystem.

Strategic goals

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

Short to Mid-Term

- 20% of non-interest banking 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 and opportunities they need to thrive, 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, transportation, and other necessities of daily life. Through our ethical financing approach, we partner directly with individuals, businesses, and the government to improve livelihoods, 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. Leveraging state-of-the-art technology, we actively monitor and track impact, ensuring efficiency, scalability, and sustainable outcomes across the agricultural ecosystem.

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, including 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.

BOLD MOVES GET NOTICED

Our move to build an innovative alternative has been recognized by AICIF as the **Innovative Islamic Bank of the Year**

We Dare. **We Deliver.**

Following the receipt of our Non-Interest Banking licence and our emergence as a standalone institution, Alternative Bank Limited (AltBank/the Bank) has continued to strengthen its mandate to redefine the impact of ethical, values-driven banking. Our focus remains on creating sustainable value through purpose-led, innovative, and technology-enabled financial solutions that improve the lives of the customers we proudly call our 9jaNatives.

As we deepen our market presence, we continue to place our partners at the centre of our strategy, expanding interaction channels and feedback mechanisms to inform decision-making and enhance service delivery. By consistently raising service standards, we are not only advancing the Non-Interest Banking segment but also positioning Alternative Bank Limited as a credible and competitive player within the broader financial services landscape.

In 2025, the Bank received the African International Conference on Islamic Finance (AICIF) Award for Innovative Islamic Bank of the Year, among other recognitions. These milestones reflect the deliberate investments made in building a differentiated institution and the steady progress achieved against our strategic priorities.

At the core of this progress are our people, our AltNatives, who drive both our purpose and performance. In 2025, our People and Culture strategy focused on embedding a distinctive culture, strengthening leadership capability, and aligning our workforce with the Bank's long-term growth ambitions. Early outcomes are evident, including the execution of the embedding phase of our Culture Transformation Journey, strong internal culture survey results, and the achievement of our first Great Place to Work certification at the platinum tier.

Culture Transformation and Organisational Alignment

Our Culture Transformation journey remains central to building a performance-driven, value-aligned organisation.

Phase One, launched in August 2024, focused on defining our identity as an independent institution and establishing a corporate philosophy aligned with our strategic priorities.

Phase Two, implemented in 2025, deepened engagement across the organisation through structured workshops, leadership interactions, and enterprise-wide dialogue. Insights from our culture survey and engagements with external culture advisors enabled the Bank to reach organisation-wide alignment on the AltNative persona and the behaviours required to support long-term growth.

We are now in the culture embedding phase, focused on integrating these behaviours into everyday operations. This includes targeted learning interventions, behavioural alignment sessions, and leadership-led engagements designed to reinforce shared values and accountability across the Bank.

One of the most significant outcomes of this journey was the Bank's achievement of the Great Place to Work certification at the platinum tier, a distinction reserved for organisations with trust and engagement metrics above 90 percent, in our first year of an external culture assessment.

Talent Management and Leadership Development

Building a high-performing, future-ready workforce remains a strategic priority.

During the year, we expanded our talent development efforts through gamified, team-based, and community learning models, as well as targeted training partnerships to strengthen product expertise and future-ready capabilities.

A key highlight was the launch of Career Acceleration Week, an organisation-wide initiative designed to bring talent opportunities closer to employees, enable direct engagement with senior management, and increase participation in development programmes across the Bank.

We also introduced Alternative Bank Limited's Management Academy (AMBA, or "the Academy"), our flagship leadership development platform. Structured as a tiered learning journey for junior, middle, and senior management, the Academy is designed to align leadership capability with business priorities and succession readiness. Early results indicate improved leadership effectiveness and stronger pipelines for critical roles.

In parallel, we strengthened our talent acquisition processes to improve cultural and strategic alignment. Key initiatives included the launch of a Talent Community to engage prospective employees, the establishment of university partnerships to build a sustainable talent pipeline, the creation of experienced-hire career pools, and the enhancement of our Employer Branding campaign including targeted attendance at brand-aligned career fairs, social media campaigns, a revalidation of our employer value proposition, among other interventions.

Our commitment to continuous learning was further reinforced through educational partnerships, certification reimbursements, and professional membership support, enabling employees to build skills aligned with the Bank's future direction.

Diversity, Equity, Inclusion, and Belonging

In 2025, we strengthened our Diversity, Equity, Inclusion, and Belonging (DEIB) agenda, recognising diversity as a core driver of innovation, performance, and resilience.

Our focus remained on building an inclusive workplace where diverse perspectives are welcomed and valued across our workforce, customer base, and the communities we serve. Programmes such as Embrace and Momship continued to expand access and opportunities for talent with disabilities and women returning from career breaks, ensuring inclusion translates into measurable outcomes.

We also made progress in increasing female representation across the workforce, particularly in STEM and leadership roles. Employee resource groups, including Anchor and Bloom, continued to promote connection, mentorship, and support across the organisation, strengthening collaboration and engagement.

Beyond policy, DEIB remains a performance enabler. By embedding inclusion into how we hire, develop, and support our people, we continue to build a more resilient, competitive, and forward-looking organisation capable of attracting top talent and delivering sustainable value to stakeholders.

Employee Well-Being and Engagement

During the year, we strengthened our focus on the holistic well-being of our AltNatives, recognising that employee wellness is closely linked to productivity, engagement, and long-term performance.

Health and wellness initiatives included vaccination drives, mental health awareness campaigns, and regular wellness communications. The AltWalk initiative, held across three cities, promoted physical wellness, employee connection, and brand visibility.

Support systems were further reinforced through initiatives such as the Maternity Hub for expectant mothers, an enhanced Employee Assistance Programme, access to an in-house gym, annual health checks, and periodic on-site medical services.

Collectively, these initiatives have contributed to a healthier, more engaged workforce, strengthening productivity, commitment, and organisational resilience.

Looking Ahead

As we look to the future, our commitment to daring boldly and delivering consistently remains unwavering.

Our People and Culture priorities are clear. We will continue to embed our culture, strengthen leadership capability, attract and develop high-quality talent, and build inclusive, high-performing environments that support sustainable growth.

With a strong cultural foundation, a clear strategic direction, and a committed workforce, Alternative Bank Limited is well positioned to create long-term value for customers, employees, shareholders, and the communities we serve.

Chairman's **Statement**

Muhtar Bakare

Chairman

Introduction

Dear Shareholders and Stakeholders,

I am pleased to welcome you to the 3rd Annual General Meeting of Alternative Bank Limited and to present the Annual Report and Financial Statements for the year ended 31 December 2025.

Alternative Bank Limited continues to show that principled banking and commercial success can go together. During the year, we deepened stakeholder confidence, strengthened organisational resilience, and laid the foundation for disciplined, long-term growth grounded in ethical finance.

Navigating the Macroeconomic and Operating Environment

The global economy proved resilient in 2025, despite shifting trade policies, geopolitical tensions, and still-elevated inflation. The International Monetary Fund put global growth at around 3.3%, supported by technology investment, easier financial conditions in some markets, and private sector adaptability.

Advanced economies grew modestly while emerging markets ran faster, but downside risks remained: protectionism, fiscal strain, and doubts about how durable the growth drivers are.

This environment reinforces the case for diversified, ethical, risk-disciplined banking that puts long-term stability ahead of short-term gains.

At home, Nigeria made measurable progress towards macroeconomic stability. Real GDP grew by 3.98%, driven by higher crude oil output and sustained expansion in financial services, telecommunications, and agriculture.

Crude oil production recovered to an average of 1.45 million barrels per day, helped by better pipeline surveillance and reduced losses. This lifted export earnings and supported fiscal performance.

Inflation was the year's defining challenge, but it clearly turned a corner. Under the revised methodology, headline inflation eased to 15.15% by year-end, reflecting the lagged effects of tighter monetary policy, liquidity management, and wider efforts to stabilise prices.

The Central Bank of Nigeria held the Monetary Policy Rate at 27% throughout the year, signalling a firm commitment to anchoring inflation expectations and restoring price stability. This consistency strengthened macroeconomic credibility, attracted capital inflows, and improved Nigeria's external position.

Foreign exchange reserves rose to about US$45 billion on the back of higher oil receipts, resilient remittances, and renewed portfolio flows. Reforms that improved transparency and deepened liquidity in the FX market added to investor confidence. The Naira appreciated by 7.08% to ₦1,429 per US dollar at year-end, a clear gain for exchange rate stability.

Against this improving backdrop, Alternative Bank Limited deepened its developmental impact: we widened access to Sharia-compliant financing for underserved groups, supported SMEs in agriculture, renewable energy, and manufacturing, advanced digital inclusion, and kept asset quality and liquidity sound.

Performance Overview

Our 2025 performance shows why ethical banking matters most in uncertain times. By avoiding interest-based risk and focusing on real economic activity, risk-sharing, and community welfare, the Bank delivered sustainable returns to shareholders, served customers well, and contributed to Nigeria's development.

Financial performance was strong in a demanding year. Gross earnings grew sharply, with broad-based gains across financing activities, investment income, and fees, proving the strength of our diversified income base.

Profitability held up well, even with continued investment in infrastructure, technology, and people. Profit before and after tax both grew solidly, a sign of cost discipline and operational resilience.

The balance sheet expanded substantially, driven by deliberate optimisation and growth in financing assets aligned with our focus on the real sector. Liquidity and asset quality stayed sound all year.

We hit important milestones too: full compliance with the new minimum capital requirement, a notable expansion of our service footprint, and over one million customers, a clear sign that the market is embracing what we stand for.

Corporate Governance

Alternative Bank Limited is firmly committed to the highest standards of corporate governance, transparency, and accountability.

During the year, we strengthened the Board with the appointment of Mr Henry Nduka Onyiah as an Independent Non-Executive Director.

He is proposed for election by shareholders at this meeting. Mr Onyiah brings deep experience in risk governance, digital transformation, and operational resilience across the EMEA region.

The Board's diversity, expertise, and depth support strong oversight, ethical leadership, and the agility needed in a complex operating environment.

Outlook for 2026

The Board is cautiously optimistic about the year ahead. Structural reforms that caused early volatility are now building the foundation for a more transparent, market-driven economy. The CBN and IMF project GDP growth of 4.3% to 4.5%, supported by resilience in non-oil sectors and further easing of inflation.

If inflation keeps falling, monetary conditions could ease over the medium term, creating a better environment for investment and sustainable growth.

The Board sees a clear opportunity to build on recent progress. We will keep advancing financial inclusion, deepening our digital capabilities, and widening access to ethical, innovative financial solutions that meet stakeholder needs.

We know the risks in our operating environment. We are also confident that our governance framework, disciplined execution, and value-driven culture will keep the Bank resilient and positioned to deliver sustainable, long-term value to stakeholders.

Closing Remarks

On behalf of the Board, I thank our employees, customers, regulators, and shareholders for their continued trust and partnership.

Together, we will keep building a more equitable, resilient, and prosperous future, grounded in ethical and responsible banking.

Muhtar Bakare

Chairman, Board of Directors

Alternative Bank Limited

Managing Director's **Statement**

Hassan Yusuf

Managing Director

Dear Stakeholders,

I am pleased to present the report of Alternative Bank Limited for the 2025 financial year, a year that marked consolidation, expansion, and deepened purpose as we strengthened our position as Nigeria's leading ethical, non-interest financial institution.

At Alternative Bank Limited, excellence is not defined solely by financial outcomes, but by the integrity of our decisions, the impact of our actions, and the value we create for society. We believe finance must go beyond transactions to serve as a catalyst for dignity, opportunity, and sustainable progress. This conviction continues to guide how we serve our customers, empower our people, and steward the trust placed in us.

Guided by our core values of Empathy, Execution, and Excellence, we remain deliberate in ensuring that every product, partnership, and initiative reflects responsible innovation, long-term thinking, and shared prosperity. Our journey demonstrates that ethical, non-interest banking can be both impactful and enduring, delivering value while advancing inclusion, sustainability, and trust.

A Year of Consolidation and Growth

The 2025 financial year was particularly significant as we marked our second year as an independent non-interest financial institution. During the year, we focused on strengthening our foundations while expanding our reach and deepening our impact across communities.

Our people remain central to this progress. In recognition of the culture we are intentionally building, Alternative Bank Limited was certified as a Great Place to Work in 2025, reflecting our commitment to trust, inclusion, accountability, and purpose-driven leadership.

Our approach to ethical finance and innovation was further validated at the **7th AICIF Awards,** where we were recognized as the **Innovative Islamic Bank of the Year**. This acknowledgment reinforces our belief that non-interest banking can lead in creativity, relevance, and value creation within Nigeria's financial ecosystem.

Expanding Access and Advancing Inclusion

During the year, we expanded our physical footprint into **Benin City, Warri, Ikeja, Ipaja, Owerri, Ibadan, Enugu, and Calabar,** bringing ethical banking closer to individuals, traders, and businesses across diverse communities.

We also advanced digital inclusion through the launch of the **Alt L1 Series mobile phone**, our first proprietary device. This initiative reflects our understanding that meaningful financial inclusion increasingly depends on access to affordable technology and digital tools, particularly for underserved segments of the population.

In line with our commitment to inclusive growth, we partnered with Utiva to award Women in Tech scholarships to 20 outstanding women. By equipping women with critical technology skills, we are investing in economic resilience, innovation, and the future workforce, especially for women from underserved communities.

Sustainability and Social Impact

Sustainability remains integral to our strategy. Through the **AltWalk for Zero Plastics** initiative in **Lagos, Abuja, and Kano,** we raised awareness on responsible waste management, supported plastic recycling efforts, and donated recycling bins to markets. Beyond environmental benefits, we recognize recycling as a driver of job creation, entrepreneurship, and circular economic growth.

Our social impact efforts continue to be at the forefront of our activities. On **World Heart Day,** we partnered with the **Kanu Heart Foundation** to host a Heart Walk, reflecting our belief that access to quality healthcare is fundamental to national development and human dignity.

We also strengthened engagement with grassroots commerce by supporting the **Association of Market Women, Men, and Farmers of Nigeria at fairs in Ibadan and Kano,** reaffirming our commitment to local trade, food systems, and inclusive economic participation. In addition, our Customer Forum Sessions enabled direct engagement with partners to listen, learn, and co-create solutions, translating Empathy into action.

Governance, Responsibility, and Accountability

Responsibility defines how we steward the resources entrusted to us. We remain committed to strong ethical governance, transparency, and accountability, ensuring that our operations align with non-interest principles, regulatory expectations, and societal needs. These standards underpin trust, resilience, and long-term sustainability.

Financial performance

Alternative Bank Limited delivered a strong performance in 2025, underscoring the resilience of our business model and the effectiveness of our strategic focus on ethical, inclusive, and diversified financial services.

Our gross earnings increased by 73% to ₦61.8 billion, underpinned by a 77.3% increase in income from financing operations, a significant 482.8% growth in income from other investing activities. This performance highlights the resilience of our diversified income model and our ability to generate value across multiple revenue streams.

Operating expenses grew by 81.7%, largely reflecting deliberate investments in infrastructure, technology, and systems required to support our rapid expansion. These investments are expected to drive improved efficiency and scalability over the medium to long term. Notwithstanding these cost pressures, profit before tax increased by 29.9% to ₦13.5 billion, while profit after tax rose by 30.6% to ₦13.2 billion, demonstrating the Bank's continued profitability and operational resilience.

The Bank's balance sheet expanded by 80.7% to ₦555.76 billion, reflecting our sustained focus on strengthening liquidity and aligning our asset base with strategic growth priorities. Total assets grew significantly, driven primarily by a deliberate expansion in financing activities and a more diversified investment portfolio. Financing assets more than doubled, increasing by 103.8% to ₦84.3 billion, underscoring our commitment to supporting the real sector through our non-interest financing model.

Our capital position strengthened as shareholders' equity grew by 77.4% to ₦42.5 billion, driven by capital injection and strong earnings retention. Retained earnings increased significantly by 1,516.8%, reflecting improved profitability alongside a 59.0% growth in other equity components, further reinforcing the Bank's capital base.

This performance reflects the consistency of our strategy, the discipline of our execution, and the growing trust our stakeholders continue to place in us. We remain steadfast in advancing our mission to provide ethical, innovative, and inclusive financial solutions that foster economic development and shared prosperity.

Outlook

As we look ahead, our journey is guided by four enduring principles:

- **Commitment** to our purpose as an ethical, non-interest bank, consistently expanding access and delivering lasting social and economic impact.
- **Clarity** in strategic focus, ensuring disciplined decision-making aligned with our values and long-term objectives.
- **Responsibility** in stewarding environmental, social, and financial resources to strengthen communities and the broader economy.
- **Accountability** through high standards of transparency, governance, and performance, ensuring we deliver on our promises.

Together, these principles reinforce our belief that ethical banking is not only possible, but sustainable and enduring.

Appreciation

I remain confident in our direction and deeply grateful to our Board, regulators, partners, customers, and employees for their continued trust and support. As we move forward, we are committed to building a resilient institution that delivers value with integrity and purpose, today and for generations to come.

Hassan Yusuf
Managing Director
Alternative Bank Limited

Performance **Review**

Highlights from the Statement of Comprehensive Income

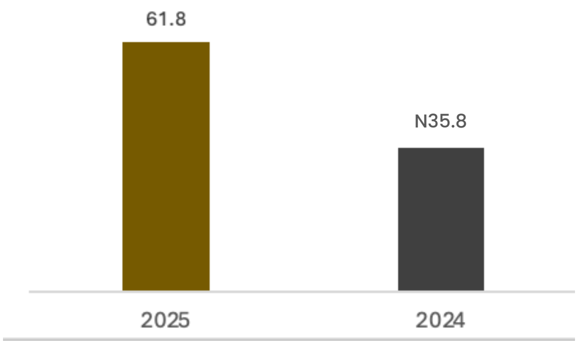
	2025		2024		Growth
In Millions Of Naira	N'M	% of Total	N'M	% of Total	%
Gross Earnings	61,848	100.0%	35,760	100.0%	73.0%
Income From Financing Operations	12,341	20.0%	6,962	19.5%	77.3%
Income From Investment In Sukuk	10,000	16.2%	10,540	29.5%	(5.1%)
Income From Other Investing Activities	32,806	53.0%	5,629	15.7%	482.8%
Impairment On Financing & Investment Contracts	(884.0)	(1.4%)	(10.8)	0.0%	8085.2%
Net Income After Impairment	54,263	87.7%	23,120	64.7%	134.7%
Returns To Investment Account Holders	(18,135)	(29.3%)	(8,999)	(25.2%)	101.5%
Total Returns After Payment To Quasi - Equity Investment Account Holders	36,128	58.4%	14,121	39.5%	155.8%
Fees & Commission Income	4,668	7.5%	2,903	8.1%	60.8%
Fees And Commission Expenses	(392.0)	(0.6%)	(417.3)	(1.2%)	6.1%
Other Operating Income	2,032	3.3%	9,725	27.2%	(79.1%)
Total Net Income Before Operating Expenses	42,436	68.6%	26,332	73.6%	61.2%
Expenses:					
Personnel Expenses	(4,701)	(7.6%)	(4,016)	(11.2%)	17.1%
Depreciation & Amortization	(1,193)	(1.9%)	(589)	(1.6%)	102.5%
Other Operating Expenses	(22,989)	(37.2%)	(11,295)	(31.6%)	103.5%
Total Expenses	(28,883)	(46.7%)	(15,900)	(44.5%)	81.7%
Profit Before Windfall & Income Tax	13,553	21.9%	10,431	29.2%	29.9%
Windfall Tax		0.0%	(7.4)	0.0%	100.0%
Income Tax Expense	(395)	(0.6%)	(346)	(1.0%)	(14.2%)
Profit After Income Tax	13,158	21.3%	10,078	28.2%	30.6%

Gross Earnings

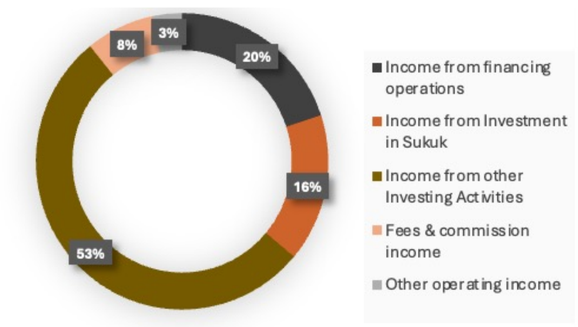
Alternative Bank Limited delivered a strong financial performance in 2025, underpinned by significant growth in earnings and an increasingly diversified income base. Gross earnings rose markedly, reflecting the Bank's ability to capitalize on market opportunities while sustaining growth in its core financing activities.

Gross earnings increased by 73% to ₦61.8 billion (2024: ₦35.8 billion), driven by a significant expansion in income from other investing activities and growth in financing income.

Gross Earnings (N'Bn)



Gross Earnings Split



Earnings Composition and Income Drivers

Income from Financing Operations

Income from financing operations increased by 77.3% to ₦12.3 billion (2024: ₦6.9 billion). This growth was driven by the expansion of the Bank's financing portfolio, improved yields on financing assets, and a sustained focus on supporting growth across key sectors of the economy.

Income from Other Investing Activities

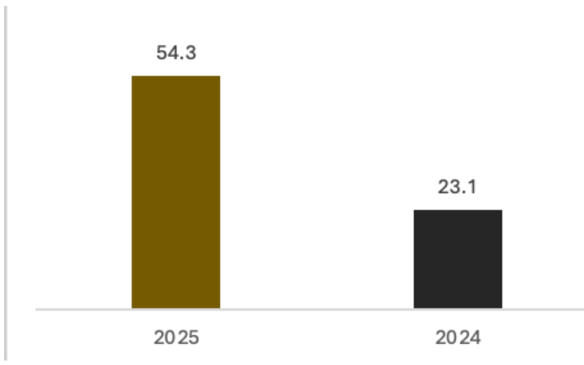
Income from other investing activities rose significantly by 482.8% to ₦32.8 billion (2024: ₦5.6 billion), accounting for 53% of gross earnings and emerging as the largest contributor to total income. This strong performance reflects strategic positioning in high-yield investment opportunities, as well as enhanced returns from market instruments.

Other revenue streams include, income from Sukuk investments, fees and commission income, and other operating income. These income streams continue to provide stable and diversified support to the Bank's earnings base, reinforcing the resilience and sustainability of overall revenue generation.

Net Income

Net income after impairment charges increased significantly by 134.7% to ₦54.3 billion in 2025, underscoring the Bank's strong earnings capacity and overall resilience. This performance was delivered despite a significant increase in impairment provisions, highlighting a prudent and forward-looking approach to risk management.

Net Income after Impairment (N'Bn)



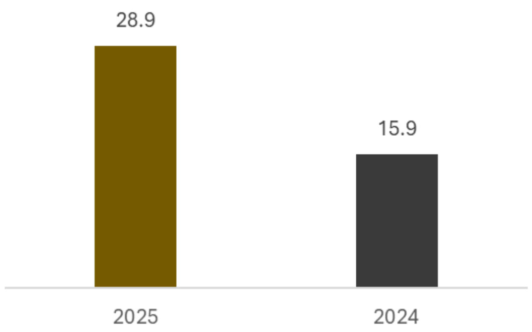
Operating Expenses

Operating expenses grew by 81.7% to ₦28.9 billion (2024: ₦15.90 billion), largely reflecting deliberate investments in infrastructure, technology, and systems required to support the Bank's rapid expansion. The increase was driven by:

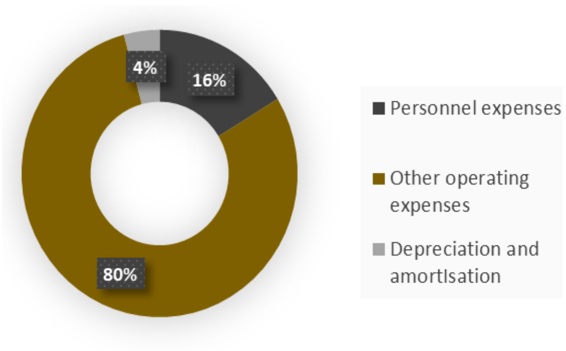
- 103.5% increase in other operating expenses, highlighting continued strategic investment in people, infrastructure and technology; and

- A 102.5% rise in depreciation and amortisation, indicative of capital expenditure and asset expansion.

Operating Expense N'Bn



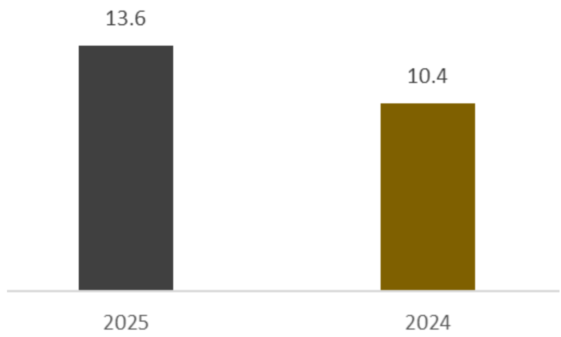
Operating Expenses Split



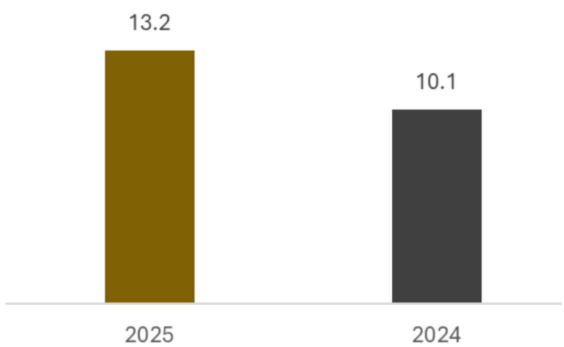
Profitability

The Bank recorded a solid bottom line, reflecting effective balance sheet utilization, disciplined cost management, and continued expansion of its financing and investing activities. The Bank reported a profit before tax of ₦13.6 billion, representing a 29.9% increase from ₦10.4 billion in 2024 while profit after tax rose by 30.6% to ₦13.2 billion (2024: ₦10.1 billion).

Profit Before Tax N'Bn



Profit After Tax N'Bn



Statement of Financial Position Highlights

	2025		2024		Growth
In Millions Of Naira	N'm	% Of Total	N'm	% Of Total	%
Assets					
Cash And Bank Balances	110,569	20%	96,891	31.5%	14.1%
Due From Other Commercial Banks	2,160	0%	13,941	4.5%	(84.5%)
Investment - Commodity Stocks	72,751	13%	27,055	8.8%	168.9%
Investment- Gold Bullion	9,401	2%	2,482	0.8%	278.8%
Accounts Receivable	16,609	3%	1,229	0.4%	1251.4%
Investment In Sukuk	55,707	10%	65,794	21.4%	(5.3%)
Halal Portfolio Investment	9,852	2%	5,356	1.7%	83.9%
Financing Assets	84,251	15%	41,347	13.4%	103.8%
Other Market Instruments	5,986	1%	1,082	0.4%	453.2%
Other Investments- Musharakah	10,546	2%	4,151	1.3%	154.1%
Investment In Unquoted Equity	618	0%	2,657	0.9%	(76.7%)
Other Assets	144,431	26%	21,030	6.8%	586.8%
Deferred Tax Assets	161	0%			100.0%
Investment Property	11,658	2%	4,036	1.3%	188.9%
Right Of Use Asset	1,717	0%	3,436	1.1%	(50.0%)
Property, Plant And Equipment	19,239	3%	16,861	5.5%	14.1%
Intangible Assets	101	0%	157	0.1%	(35.7%)
Total Assets	555,757	100%	307,507	100.0%	80.7%
Liabilities					
Customer Current Deposits	195,320	35%	136,035	44.2%	43.6%
Due To Other Commercial Banks	616	0%	3,697	1.2%	(83.3%)
Due To Other Financial Institutions	11,189	2%	28,527	9.3%	(60.8%)
Current Income Tax Liabilities	652	0%	230	0.1%	183.5%
Intervention Fund	15	0%	36	0.0%	(58.3%)
Other Liabilities	181,651	33%	47,876	15.6%	279.4%
Lease Liability	1,098	0%	1,581	0.5%	(30.6%)
Deferred Tax Liabilities			79	0.0%	(100.0%)
Provisions	34	0%	86	0.0%	(60.5%)
Unrestricted Mudarabah Investment Account Holders	122,696	22%	65,415	21.3%	87.6%
Total Liabilities	513,271	92%	283,563	92.2%	81.0%
Owners' Equity					
Share Capital	10,600	2%	10,000	3.3%	6.0%
Share Premium	9,400	2%		0.0%	
Retained Earnings	9,151	2%	566	0.2%	1,516.8%
Regulatory Risk Reserve	3,205	1%	3,138	1.0%	2.1%
Statutory Reserve	7,688	1%	3,741	1.2%	105.5%
Other Components Of Equity	2,352	2%	1,410	2.7%	66.8%
Profit Equalisation Reserve	89	0%	89	0.0%	0.0%
Deposit For Shares			5,000	1.6%	(100.0%)
Total Equity	42,485	8%	23,944	7.8%	77.4%
Total Equity And Liabilities	555,757	100%	307,507	100.0%	80.7%

Alternative Bank Limited recorded a strong expansion in its financial position in 2025, with total assets increasing by 80.7% to ₦555.8 billion, up from ₦307.5 billion in 2024. This growth reflects a deliberate strategy to scale earning assets, deepen market participation, and strengthen the Bank's footprint.
On the asset side, growth was driven primarily by a significant increase in investment and financing activities.

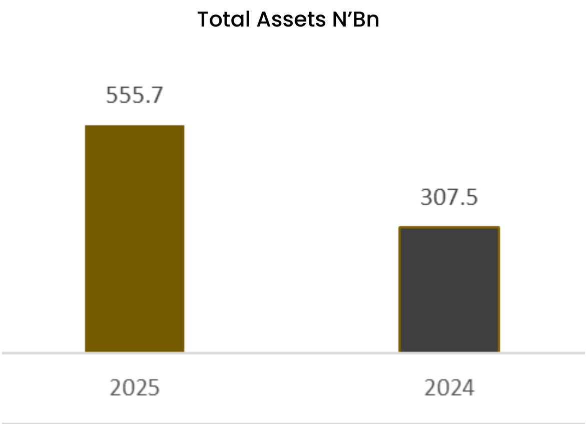
Financing assets grew by 103.8% to ₦84.3 billion, underscoring the Bank's continued commitment to providing ethical financing solutions to individuals and businesses.

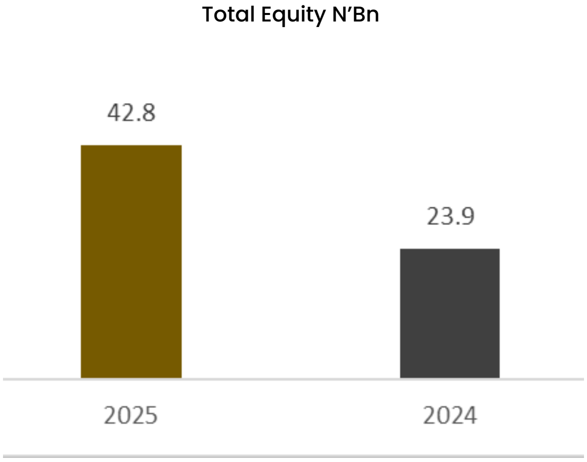
Investments in commodity stocks rose by 168.9% to ₦72.8 billion, while gold bullion holdings increased significantly by 278.8% to ₦9.4 billion, reflecting a strategic diversification into alternative asset classes and a hedge against market volatility.

The Bank also expanded its Halal portfolio investments by 83.9% and Musharakah investments by 154.1%, reinforcing its focus on Sharia-compliant investment vehicles.

Equity Position

Shareholders' equity grew by 77.4% to ₦42.5 billion, driven by capital injection and strong earnings retention. Retained earnings increased significantly by 1,516.8%, reflecting improved profitability alongside a 66.8% growth in other equity components, further reinforcing the Bank's capital base.





Overall, the Bank's financial performance in 2025 reflected the successful execution of a strategy focused on strong expansion in earning assets, diversification into alternative and Sharia-compliant investments and strengthened capital position. This positions the Bank to sustain its growth trajectory while continuing to deliver value to customers and stakeholders within the non-interest banking segment.

The Bank maintained a robust Capital Adequacy Ratio (CAR) of 16.98% (2024: 19.39%), well above the regulatory minimum of 10%, non-performing facilities increased marginally to 4.26% (2024: 4.14%), remaining within a contained range, while our liquidity ratio remained strong at 32.17%, well above the regulatory requirement.


altdrive

Sustainability **Report**

INTRODUCTION

At Alternative Bank Limited, sustainability is not an obligation, it is a core driver of our identity, strategy, and long-term success. Guided by a clear purpose to create sustainable wealth and a mission to continuously innovate and challenge conventional boundaries, we remain committed to delivering ethical financial solutions that generate enduring value for individuals, businesses, and society at large. Our operations are anchored on a culture of excellence, disciplined execution, and deep empathy for our customers and communities—principles that shape how we design products, manage risks, and engage stakeholders.

As a leading non-interest bank in Nigeria, we operate with a strong conviction that financial services should contribute meaningfully to inclusive growth, economic resilience, and social progress. In a rapidly evolving global and local environment marked by climate uncertainty, technological disruption, and shifting socio-economic dynamics, we recognize our responsibility to act as a catalyst for sustainable development. Our sustainability strategy is therefore fully embedded within our business model, guiding capital allocation, innovation, governance, and performance management.

Our sustainability priorities are centered on strengthening Nigeria's real economy, with focused investments in education, healthcare, agriculture, transportation, renewable energy, financial inclusion, Micro, Small and Medium Enterprise (MSME) development, and digital inclusion. Beyond financing, we actively promote environmental responsibility through Wastebanc, an innovative product that rewards customers for depositing recyclable waste, reinforcing responsible consumption, and sustainable waste management. Through targeted financing, strategic partnerships, and technology-enabled solutions, we empower enterprises and communities, expand access to essential services, create jobs, and improve livelihoods. By deepening financial access and leveraging digital platforms, we continue to reach underserved segments, enabling broader participation in inclusive and sustainable economic growth.

Our Environmental, Social, and Governance (ESG) framework is aligned with global best practices, particularly the International Finance Corporation (IFC) Performance Standards, Nigerian Sustainable Banking Principles, and other applicable local and global regulatory guidelines. This structured approach enables us to systematically identify, assess, and manage ESG risks and opportunities across our operations, ensuring that sustainability considerations are integrated into governance structures, risk management processes, and strategic decision-making. In doing so, we strengthen institutional resilience, safeguard stakeholder interests, and reinforce our commitment to ethical conduct and responsible banking.

Alternative Bank Limited remains committed to advancing innovation, ethical banking, and inclusive economic development. Through disciplined execution and responsible stewardship, we continue to strengthen institutional resilience and deliver sustainable value to our stakeholders and the wider economy.

OUR SUSTAINABILITY JOURNEY AND KEY ACHIEVEMENTS

Key Highlights and Achievements

- 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 facility 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+ Green Impact Challenge (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, 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 Africa Social Impact Summit (ASIS), Agric Summit Africa (ASA), National Clean-up Day, and World Environment Day commemoration.

2025 IMPACT HIGHLIGHTS

Key Highlights and Achievements

- Partnered with Rivers State Tourism Development Agency (RSTDA) to deliver the Rivers State Creative Program, impacting over 300 creative professionals and ecosystem stakeholders in Port Harcourt. The program saw a vibrant representation from various creative industries, including creative writing, filmmaking, visual arts, craftsmanship, banking, event management, fashion, and more.
- Reviewed 259 credit transactions for Environmental & Social (E&S) risks strengthening our commitment to responsible financing in high-impact sectors.
- Supported Usoolul-Iman Tahfeez School, Nigeria, during its 2025 Haflah (Graduation Ceremony), celebrating graduating Qur'an memorizers (Huffaz) and the Class of 2025. The event underscored the importance of holistic education—integrating faith-based learning with academic excellence and reinforced the value of balancing deen (religious grounding) with dunya (worldly knowledge) in shaping well-rounded future leaders.
- Trained 200+ educators at the LAIT Right Teachers Conference 2025, equipping them with 21st-century teaching tools focused on inclusivity, tech integration, and experiential learning.
- Collaborated with IDC to train 250+ nutrition-focused Agro-SMEs under the EPIC Accelerator Program in Osun and Lagos States, enhancing SME competitiveness, nutrition outcomes, and food security.
- Developed and launched the Alternative Caddies TECHnovate (PROJECT-ACT), a flagship youth empowerment initiative that built digital, entrepreneurial, and life skills capacity for 70 young golf caddies, while extending digital skills training to over 200 additional youths, preparing them for participation in the digital economy.
- Held its maiden Ramadan program across 10 states, including Lagos, Oyo, Osun, Kwara, Abuja, Kano, Katsina, Kaduna and Sokoto. The initiative was designed to foster holistic engagement combining thought leadership series for 30 days, special iftar programs and humanitarian support.
- Partnered with the Nasrul-Lahi-L-Fatih Society (NASFAT) to mark its 30th Anniversary on March 9, 2025, at the NASFAT Prayer Ground along the Lagos–Ibadan Expressway, featuring milestone activities culminating in the Annual Ramadan Lecture.
- On March 1, 2025, the Bank partnered with the Island Muslim Community (IMC) to launch its ₦5 Billion Appeal Fund, a strategic initiative focused on developing critical Muslim social infrastructure. The partnership reinforces the Bank's commitment to community development, economic empowerment, and faith-based social impact.
- Co-hosted the second edition of National Sustainability Week (NSW) 2025 with Sterling Bank and Sterling One Foundation, engaging over 200 participants.
- Collaboration and partnerships on the execution of Corporate Social Responsibility projects and events, such as hosting the Africa Social Impact Summit (ASIS), Agric Summit Africa (ASA), National Clean-up Day, and World Environment Day commemoration, among others.

2025 AltBank Awards

- *Platinum Great Place To Work Certification*

- *Innovative Islamic Bank of the Year by the African International Conference on Islamic Finance (AICIF)*

ENVIRONMENTAL DIMENSION

Alternative Bank Limited's Commitment to Sustainability: Reducing Emissions, Energy, and Material Usage

Alternative Bank Limited (the 'Bank') shares a foundational commitment to sustainable development. We have operationalized this through a comprehensive strategy integrated with the broader Group framework to decarbonize our operations, enhance energy efficiency, and optimize resource utilization. Our initiatives are intentionally aligned with global standards, reflecting our dedication to driving a resilient and green economy for Nigeria and the international community.

At Alternative Bank Limited, sustainability is a collective mandate and a fundamental pillar of our operations. As a forward-thinking institution, we prioritize the reduction of our carbon footprint by institutionalizing energy efficiency across our branch network. To accelerate our transition to a low-carbon economy, we are deploying renewable energy solutions, such as solar power, and integrating Environmental & Social (E&S) and climate risk assessments into our core decision-making frameworks. This commitment to efficiency is mirrored in our facility management, where we have modernized our infrastructure with high-efficiency Heating, Ventilation and Air Conditioning (HVAC) systems, and lighting. Furthermore, our "digital-first" model has successfully institutionalized paperless banking, significantly reduced material waste and lowered operational costs.

Our commitment to a circular economy extends beyond our walls through the Wastebanc initiative, which provides tangible incentives for recycling plastics and other materials to divert waste from landfills. We actively extend these standards to our supply chain by prioritizing the procurement of eco-friendly materials and vetting our suppliers to ensure their environmental commitments align with our own. Internally, we empower our staff through specialized training and awareness campaigns to act as sustainability ambassadors. Externally, we collaborate with local communities on high-impact projects—including reforestation, waste management, and renewable energy adoption to drive social progress at the grassroots level.

Dedicated to continuous improvement, the Bank remains committed to aligning its operations with global best practices and setting the benchmark for sustainable Alternative Banking in Nigeria. Through innovative fintech solutions and strategic partnerships, we work tirelessly to optimize resource usage, mitigate environmental risks, and build a sustainable future for generations to come.

The Wastebanc Initiative

At Alternative Bank Limited, sustainable waste management serves as a cornerstone of our broader commitment to operational sustainability and environmental stewardship. Recognizing that proactive waste reduction is critical to achieving long-term ecological balance, we have institutionalized a comprehensive corporate strategy centered on the core principles of the circular economy: Reduce, Reuse, and Recycle. Our waste management initiatives are specifically designed to minimize our environmental footprint while fostering an enduring culture of sustainability among our employees, customers, and broader stakeholder networks.

As a primary driver of this strategy, the Wastebanc initiative was launched in 2023 as our flagship program for delivering tangible environmental change through innovation. This platform transforms the traditional approach to waste by incentivizing environmentally conscious behaviour, allowing individuals to exchange used plastics and other recyclables for monetary rewards, by strategically aligning economic incentives with ecological responsibility, Wastebanc has created a scalable and inclusive model that encourages widespread participation in sustainable practices across Nigeria.

To operationalize this vision effectively, we have deployed designated waste disposal infrastructure across some of the Bank's locations to streamline the segregation and collection of recyclable materials. These resources are managed through a rigorous, structured workflow in collaboration with accredited recycling partners, ensuring that all collected materials are efficiently repurposed rather than diverted to landfills. This systematic approach has significantly amplified our internal recycling capacity while reinforcing a robust sense of environmental responsibility throughout our entire organizational structure.

Beyond physical infrastructure, we utilize targeted educational campaigns and internal communications to reinforce the importance of eco-friendly practices among our workforce and the public. These advocacy efforts have successfully empowered participation across all levels of the Bank, turning sustainability from a policy into a shared practice. Moving forward, the Bank remains dedicated to further enhancing our waste management strategies, adopting emerging green technologies, and fostering strategic partnerships that support our vision of a greener, more sustainable future for the communities we serve.

Emissions

All emissions were computed using the standard formula recommended by the GHG Protocol.

GHG Scope	Emission Driver	2024 Position	2025 Position	Δ
Scope 1 Direct GHG Emissions	Diesel	245,392.52	188,346.38	-23.25%
Scope 2 - Purchased Electricity	Electricity	25,723.09	182,820.00	610.72%
Scope 3 – All Other Indirect Emissions	Air Mileage	-	-	0
Total		271,115.61	371,166.38	36.90%

Diesel Consumption		
Year	Diesel Consumption (Litres)	Δ
2024	91,990.00	Base year
2025	64,323.29	-30.08%

Electricity Use		
Year	Electricity Use (kWh)	Δ
2024	47,407.10	Base year
2025	319,057.59	573.02%

Paper Use		
Year	Number of Paper Reams	Total weight of Paper Reams (Kg)
2024	644	1,545.6
2025	354	849.6

Water Use		
Year	Number of dispenser bottles consumed	Amount of water consumed (Litres)
2024	4,505	85,595
2025	4,567	86,773

ECONOMIC SUSTAINABILITY

Converging Ethics and Impact: Pioneering Shariah-Compliant Stewardship

As a premier Islamic financial institution within the Sterling Group, Alternative Bank Limited understands its role as an ethical steward in the Shariah Ecosystem and is uniquely positioned to lead the integration of sustainability and impact finance. Our investment philosophy is rooted in the belief that financial success must be harmonized with moral and social progress. By aligning our core operations with the ethical pillars of Islamic finance, we do not merely participate in the market but actively shape a more equitable and resilient future for our stakeholders.

Our strategy is built on a dual mandate: achieving competitive financial returns while ensuring adherence to Shariah principles and global ESG benchmarks. This approach is anchored by:

- **Environmental Stewardship:** Preserving the planet as a sacred trust (Amanah).
- **Social Responsibility:** Promoting distributive justice and human dignity.
- **Sound Governance:** Ensuring absolute transparency and ethical oversight.
- **Shariah Compliance:** Eliminating prohibited elements such as interest (Riba) and ambiguity (Gharar).

Environmental & Social (E&S) Risk Management at Alternative Bank Limited

Resilience Through Responsibility

In 2025, Alternative Bank Limited maintained a rigorous oversight regime, evaluating complex transactions and managing E&S risks by developing mitigation strategies and tailoring action plans. By codifying these requirements into binding facility covenants, we ensure a contractually backed commitment from our clients to maintain high environmental and social standards.

Alternative Bank Limited is a testament to the power of ethical Islamic Finance. Our commitment to sustainability is not a separate initiative; it is the natural byproduct of Shariah-compliant investing. By merging the transparency of Islamic banking with global ESG best practices, we are setting a new benchmark for responsible finance in Africa. Our focus on Shariah-compliant stewardship ensures that our investments actively protect the environment and empower the communities we serve.

Generally, our focus on managing E&S risks in our business activities remains a cornerstone of our corporate strategy. This disciplined approach serves a dual purpose: it safeguards the Bank's long-term financial stability while acting as a catalyst for sustainable development. We believe that by protecting our assets today, we are securing the prosperity of our communities for generations to come.

Financial Inclusion

Financial inclusion remains a core pillar of the Bank's commitment to inclusive growth and sustainable development. During the 2025 financial year, the Bank continued to expand access to financial services for underserved individuals and small businesses, strengthening its role as a catalyst for economic participation.

Expanding Access to the Unbanked

In 2025, the Bank onboarded 175,874 previously unbanked individuals, providing them with formal financial services for the first time. These customers were primarily within the Tier-1 category, reflecting the Bank's targeted strategy to integrate low-income and financially excluded populations into the formal banking system.

This milestone demonstrates measurable progress in reducing financial exclusion and deepening penetration within underserved communities.

Strengthening Agency Banking Network

To extend its reach beyond traditional branch infrastructure, the Bank leveraged its agency banking network, with 5,633 agent banking locations established across states as of year-end 2025 .

This expansive network enhances accessibility in rural and semi-urban areas, reduces travel costs for customers, and brings essential banking services closer to economically active but geographically excluded populations.

Supporting Individuals and SMEs

As at FY 2025, 272,897 individual accounts were maintained with the Bank, and 419 SME accounts were actively held. This reflects a balanced retail and enterprise-focused inclusion strategy. In addition, 6% of the Bank's total facility portfolio was directed toward underserved and underbanked business segments, particularly small and medium enterprises (SMEs).

SMEs remain critical drivers of employment and economic resilience. The Bank's targeted lending supports entrepreneurship, job creation, and local value chain development.

Enhancing Physical Accessibility

Financial inclusion also requires infrastructure that accommodates all customers. As at the reporting date, all of the Bank's branches were accessible to physically challenged persons, including individuals with visual impairments and mobility limitations.

This reflects the Bank's ongoing commitment to inclusive infrastructure and equal access to financial services.

Looking Ahead

While significant progress has been recorded in onboarding new customers and expanding access channels, the Bank recognizes the importance of complementing access with financial literacy and capability-building initiatives. Future efforts will focus on strengthening customer education programs to ensure sustainable financial participation and long-term economic empowerment.

Through continued expansion of outreach, inclusive product design, and SME-focused financing, the Bank remains committed to advancing financial inclusion as a driver of shared prosperity.

Key Sustainability-Geared Products and Features

Product Name	Description	**Target Population**
AltPower	Designed as a power-as-a-service platform to provide alternative power solutions to individual homes and small businesses through the sale of renewable energy solutions.	The general populace
AltInvest	An investment platform enabling users to engage in real-world economic growth and development through ethical investment opportunities. The product is tailored to address the needs of investors who have avoided traditional financial instruments due to ethical considerations. AltInvest offers: • Impact-focused investing: Invest in projects aimed at fostering positive social and environmental outcomes. • Shariah-compliant and ethical financial options: Explore investment opportunities that adhere to Islamic financial principles while promoting ethical standards.	Ethical Investors

Wastebanc	A digital waste recycling platform that combines technology, community engagement, and economic incentives to promote sustainable waste management practices. The focus is on the recovery of recyclable materials, the pursuit of a cleaner environment, and contributing to the start and sustenance of a circular economy. The technology helps Nigerians dispose of their recyclable waste while earning cash rewards	The general populace

SOCIAL DIMENSION

We believe that true sustainability is anchored in inclusive growth, community empowerment, and the advancement of social equity. From inception, we have been intentional about building a dynamic financial institution, one that speaks to the needs of its customers, respects individuality, and actively supports the realization of their aspirations. Guided by our Corporate Philosophy, we are committed to Creating Wealth not only in financial terms but also through the deliberate development of social and human capital. Our purpose inspires us to continuously innovate and challenge conventional boundaries, ensuring that our products and services are inclusive, accessible, and capable of delivering meaningful and transformative impact for all stakeholders.

Alternative Bank Limited's core values of Empathy, Execution, and Excellence underpin every aspect of its operations and decision-making. In line with these values, we prioritize financial inclusion by delivering innovative and responsible banking solutions that empower underserved communities, enabling them to participate meaningfully in economic activity and sustainable development. Through purposeful partnerships and targeted community initiatives, we support interventions in education, healthcare, and broader social development, contributing to improved livelihoods, strengthened resilience, and long-term social impact.

Within our organization, we foster a diverse, equitable, and inclusive workplace where every individual is respected, valued, and empowered to perform at their best. Through deliberate investments in employee development, engagement, and well-being, we nurture a culture grounded in collaboration, mutual respect, and a shared sense of purpose.

At Alternative Bank Limited, we are committed to being a force for good, leveraging our resources, capabilities, and influence to drive positive social outcomes and contribute to a more just, equitable, and sustainable future for all stakeholders.

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 extends beyond regulatory compliance and is firmly embedded within our organizational culture, policies, and day-to-day operations, guiding how we attract, develop, and retain talent.

We recognize that a diverse workforce drives innovation, enhances decision-making, and strengthens our capacity to effectively serve a broad and evolving customer base. As a Shariah-compliant institution, we are committed to fostering an inclusive environment that welcomes individuals from diverse backgrounds, ethnicities, genders, and abilities, while consistently upholding our core ethical principles and values.

To drive meaningful and measurable impact, we have implemented inclusive recruitment practices, equitable career development pathways, and employee engagement initiatives that foster a strong sense of belonging and collaboration across the organization. In parallel, we continue to advance financial inclusion by delivering accessible and responsible products and services designed to meet the evolving needs of underserved and underbanked communities.

The female representation of the Bank as of year-end 2025 is shown below.

i. Employee Composition

39% Female | **61%** Male

ii. Management Composition

33% Female | **67%** Male

iii. Board of Directors

36% Female | **64%** Male

Key Diversity Highlights

- 19 branch locations are easily accessible by persons with disabilities.
- 32% increase in the number of female employees in Senior Management roles compared to 2024.
- Alternative Bank Limited Workforce Strength: 780 employees - 39% women, 6 employees with disabilities.
- 39.6% increase in the number of female employees recruited compared to previous year.
- 46.3% female employees promoted in 2025.
- ₦205 million was invested in capacity building and development programmes for female employees.
- ₦1.6 billion disbursed to women to advance financial inclusion and economic empowerment.

ALTERNATIVE BANK LIMITED IMPACT REPORT 2025

The year 2025 marked a defining chapter in Alternative Bank Limited's journey toward purposeful and responsible banking. Against a backdrop of economic pressure, climate vulnerability, and widening social disparities, the Bank deliberately positioned its Corporate Social Investment strategy as a catalyst for dignity, resilience, and long-term shared value.

Corporate Social Investment (CSI) was not treated as an adjunct to business, but as a strategic expression of the Bank's values, sustainability commitments, and belief that finance must serve people and society. Rather than pursuing isolated or transactional interventions, CSI delivery in 2025 was anchored on systems-level impact and sustainable outcomes.

Alternative Bank Limited adopted an integrated development approach that recognizes the interdependence of social, economic, and environmental challenges. Education was strengthened as a foundational driver of opportunity and intergenerational mobility. Women and girls were empowered as central actors in inclusive growth and social transformation. Environmental sustainability and health initiatives were advanced to safeguard both people and the planet. Agriculture, food security, and livelihoods were supported to enhance economic stability, resilience, and local prosperity. Together, these priorities reflected a deliberate shift from short-term relief to long- term empowerment.

Partnership remained central to impact delivery. Through purposeful collaboration with government institutions, development agencies, civil society organizations, faith-based institutions, and community leaders, the Bank expanded its reach while preserving depth, relevance, and quality of impact. These partnerships ensured that interventions were locally informed, culturally grounded, and designed for scalability, while strengthening accountability, transparency, and shared ownership of outcomes.

Across all interventions, a clear evolution in impact philosophy guided delivery. As captured in the defining reflection of the year, in 2025, our interventions moved beyond support to empowerment, creating pathways for communities to shape their own futures. This shift was reinforced by a deliberate focus on outcomes rather than activities, and on sustainability rather than short-term reach. Accordingly, our focus continues to evolve from access to empowerment, from activities to outcomes, and from measurement to lasting systems change.

By the end of the year, Alternative Bank Limited had delivered measurable outcomes across key thematic areas. Education and youth development interventions strengthened teacher capacity, expanded access to digital skills, supported adolescent girls' education, and promoted lifelong learning, directly improving learning outcomes and employability.

Environmental sustainability and health initiatives mobilized communities for climate action, reduced plastic pollution, promoted preventive healthcare, and advanced public health awareness through large-scale advocacy and community engagement. Women's development and social inclusion programmes expanded access to finance, skills, digital opportunities, healthcare awareness, and leadership platforms, strengthening agency, livelihoods, and gender equity. Agriculture, food security, and livelihoods interventions improved livestock productivity, strengthened nutrition-focused agribusinesses, advanced climate-smart agriculture, and supported smallholder farmers and food enterprises. Enterprise development and community engagement initiatives deepened financial inclusion for small businesses, traders, creatives, and faith-based communities, strengthening local economies and social cohesion.

Collectively, these outcomes reinforced the Bank's role as an institution that delivers value beyond finance.

Alternative Bank Limited has demonstrated that ethical and value-led finance can deliver measurable social and environmental outcomes while reinforcing institutional credibility, sustainability leadership, and long-term national development. The results of the year affirm that when capital is deployed with intention, sound governance, and empathy, it becomes a powerful enabler of inclusive growth and shared prosperity.

1. EDUCATION, YOUTH DEVELOPMENT, DIGITAL & FINANCIAL INCLUSION

Building Human Capital for Inclusive Growth

Education and youth empowerment remain central to Alternative Bank Limited's Corporate Social Investment strategy. In 2025, our interventions were designed not merely to expand access, but to strengthen capability, improve economic participation, and build long-term resilience across underserved communities.

Our approach integrates education, digital inclusion, financial access, and enterprise development, recognising that sustainable national growth depends on equipping young people and educators with future-ready skills and inclusive financial pathways.

a. PROJECT-ACT: Bridging Skills Gaps, Empowering Youth, and Advancing Inclusive Digital Futures

In response to widening skills gaps among youths in informal employment, Alternative Bank Limited launched PROJECT-ACT (Alternative Caddies TECHnovate) in partnership with Ikoyi Golf Club.

The initiative delivered structured digital literacy, entrepreneurship, financial management, and life skills training to 70 golf caddies, while extending digital learning to over 200 additional youths from surrounding communities. Beyond technical training, PROJECT-ACT strengthened employability, fostered alternative income pathways, and embedded a culture of savings and financial planning.

The programme advanced:

- SDG 4 (Quality Education).
- SDG 8 (Decent Work and Economic Growth).
- SDG 9 (Industry, Innovation and Infrastructure).
- SDG 10 (Reduced Inequalities)

This intervention reflects our transition from awareness-based engagement to structured capability building that enables dignified economic participation.

b. Empowering Educators to Deliver 21st-Century, Inclusive, and Experiential Learning

Recognising teachers as multipliers of national development, we strengthened education systems by equipping over 600 educators nationwide with modern pedagogical tools and digital competencies.

Key interventions included:

- LAIT Right Teachers' Conference (February 2025): Reached over 200 educators and school leaders, delivering immersive sessions on inclusive classrooms, technology integration, experiential learning, and modern pedagogical models.

- BAF Teachers' Conference (November 2025): Convened over 400 participants, including educators, policymakers, CSR stakeholders, and school leaders, focusing on themes such as Teachers as Nation Builders, 21st-Century Classrooms, Inclusion, Teacher Wellness, and Teacher Stories from underserved communities. Participants also accessed financial empowerment solutions tailored by the Bank to support long-term personal and professional growth.

The initiatives strengthened teacher capacity, improved classroom effectiveness, enhanced student learning outcomes, and supported systemic education resilience. They empowered educators to foster inclusive, technology-enabled, and future-ready learning environments across Nigeria.

c. Advancing Education, Gender Equity, and Financial Inclusion for Adolescent Girls in Sokoto State

During the year, Alternative Bank Limited advanced its commitment to inclusive human capital development by supporting the Adolescent Girls Initiative for Learning and Empowerment (AGILE) in Sokoto State, a large-scale, multi-dimensional intervention designed to address one of Northern Nigeria's most persistent development challenges: limited access to education, financial inclusion, and life opportunities for adolescent girls.

As lead partner Bank for AGILE in Sokoto State, Alternative Bank Limited supported a large-scale intervention reaching 21,726 adolescent girls across 10 LGAs.

The programme integrated education financing, digital scholarship cards, and community-based financial access systems. The Bank absorbed cost differentials to ensure no eligible beneficiary was excluded, reinforcing our equity-driven approach.

Additionally, 50 community agents were equipped with POS terminals, extending financial inclusion and strengthening local economic ecosystems.

AGILE directly advanced:

1. SDG 4 (Quality Education)
2. SDG 5 (Gender Equality)
3. SDG 10 (Reduced Inequalities)

This initiative demonstrates how education, digital finance, and community systems can work together to deliver intergenerational resilience.

d. Strengthening Financial Inclusion and Inclusive Growth in the Creative Sector

Through its partnership with the Rivers State Tourism Development Agency, Alternative Bank Limited supported the Rivers State Creative Programme, engaging over 300 creative professionals across the film, fashion, arts, and tourism sectors. The programme provided a platform for learning, collaboration, and knowledge sharing, with focused discussions on financing models and sustainable growth for creative enterprises. Participants were also introduced to ethical, non interest banking solutions tailored to support the unique needs of the creative industry.

The Bank strengthened collaboration within the creative sector, expanded financial inclusion across the creative economy, and supported professionals to better structure, sustain, and monetize their skills. Beyond immediate engagement, the programme helped reinforce confidence in the creative sector as a credible and valuable contributor to state and national economic development.

The initiative advanced SDG 8 (Decent Work and Economic Growth). Its focus on strengthening skills, networks, and access to financial infrastructure contributed to SDG 9 (Industry, Innovation, and Infrastructure), while targeted engagement with underserved and informal creatives supported SDG 10 (Reduced Inequalities).

e. Integrating Academic and Spiritual Education to build Ethical Leadership

Education that shapes both intellect and character is critical to building resilient, ethical, and socially responsible societies. Faith-based institutions play a vital role in Nigeria's education ecosystem, particularly in nurturing values, discipline, and community cohesion. However, many such institutions face resource constraints that limit their ability to deliver truly holistic education.

In 2025, the Bank supported Usoolul-Iman School's Haflah, a significant graduation ceremony celebrating Qur'an memorizers with the Class of 2025. The intervention recognized the importance of integrating spiritual grounding with academic learning and life skills development to raise well-rounded individuals prepared for leadership and service.

The Bank's support helped celebrate academic and spiritual excellence, motivated graduating students, and reinforced the value of balanced education models that nurture faith, knowledge, and character. It also strengthened community confidence in faith-based education as a credible pathway for developing ethical leaders.

By expanding access to holistic learning that combines moral instruction with academic growth, the programme contributed to SDG 4 on Quality Education, while its focus on inclusion and community-based education supported SDG 10 on Reduced Inequalities.

This initiative reflects the Bank's belief that education must go beyond classrooms to shape values, purpose, and leadership. By supporting institutions that integrate character with competence, the Bank is contributing to the development of grounded, ethical leaders capable of driving positive societal change.

f. Promoting Literacy and Knowledge Access Across Communities

Literacy is a foundational driver of social mobility, informed citizenship, and economic participation. Yet across many communities, access to books, learning materials, and platforms that promote reading and lifelong learning remains limited. Faith-based and community institutions play a critical role in bridging this gap by reaching diverse populations at scale.

In 2025, the Bank partnered with the Nasrul-Lahi-l-Fatih Society of Nigeria (NASFAT) to deliver a Book Launch initiative aimed at promoting literacy, knowledge sharing, and lifelong learning. The collaboration leveraged NASFAT's strong community presence to expand access to educational resources while reinforcing value-driven learning.

The initiative strengthened literacy culture, improved access to books and knowledge resources, and promoted continuous learning across several age groups. It also deepened community engagement around education, ethics, and personal development.

By improving access to knowledge and promoting equitable learning opportunities, the intervention advanced SDG 4 on Quality Education and fostered social inclusion in line with SDG 10 on Reduced Inequalities.

Through this partnership, the Bank reaffirmed that literacy is a cornerstone of inclusive development. By empowering individuals and communities with knowledge, the Bank is helping to build informed, resilient societies capable of active participation in economic and civic life.

g. Supporting Values-Driven Higher Education to Shape Future Leaders

Universities play a critical role in developing skilled professionals, ethical leaders, and innovative thinkers who drive long-term national development. However, sustaining values-driven education in Nigeria requires strong partnerships, long-term investment in human capital, and deliberate alignment between academia and the private sector.

In 2025, the Bank supported the 20th Anniversary celebration of Crescent University, Abeokuta, marking two decades of academic excellence, ethical leadership, and societal contribution. The milestone provided an opportunity to reflect on the University's impact in producing graduates grounded in knowledge, values, and social responsibility.

The Bank's engagement strengthened private sector collaboration with higher education institutions, recognized the importance of long-term investment in human capital, and amplified the role of values-based education in shaping employable and ethically grounded graduates.

By supporting inclusive and values-driven higher education, the intervention contributed to SDG 4 on Quality Education, while the development of skilled and employable graduates aligned with SDG 8 on Decent Work and Economic Growth.

Supporting Crescent University underscores the Bank's commitment to shaping future leaders through strategic investments in education that blend academic excellence, ethics, and innovation. It reflects the Bank's belief that sustainable national development depends on institutions that nurture competence, character, and purpose.

As Crescent University enters its next chapter, we remain committed to supporting institutions that blend academic excellence with strong values, innovation, and social consciousness. We believe that by continuing to invest in education and forging purposeful partnerships, we can collectively shape a future where knowledge, ethics, and opportunity work together to build resilient individuals, thriving communities, and a more sustainable Nigeria.

2. ENVIRONMENTAL SUSTAINABILITY & HEALTH

Safeguarding People, Planet, and Future Generations

Environmental sustainability and public health are deeply interconnected pillars of inclusive and sustainable development. A healthy population cannot thrive without a healthy environment, just as environmental degradation ultimately manifests in adverse health outcomes, weakened livelihoods, and increased vulnerability for communities.

Across Nigeria, the combined pressures of climate change, environmental pollution, inadequate waste management, and unequal access to quality healthcare continue to pose significant risks to human wellbeing, economic productivity, and long-term national resilience.

Recognizing these realities, we strategically prioritized Environmental Sustainability and Health as a core component of its Corporate Social Investment agenda in 2025. This focus is rooted in the understanding that environmental responsibility and health equity are not peripheral to social concerns, but foundational enablers of economic stability, social cohesion, and intergenerational prosperity.

Communities that lack access to clean environments, preventive healthcare, and health education are disproportionately exposed to disease, income shocks, and climate-related risks, reinforcing cycles of inequality and exclusion.

The Bank's approach to Environmental Sustainability and Health is therefore both preventative and transformative. It seeks to address root causes rather than symptoms by promoting environmental consciousness, encouraging responsible resource use, supporting community health interventions, and advancing partnerships that strengthen health systems and environmental stewardship. These interventions are designed to protect vulnerable populations, reduce long-term social and economic costs, and contribute to resilient communities capable of adapting to environmental and public health challenges.

Through targeted programs under this pillar, the Bank demonstrates its commitment to safeguarding the well-being of people and the planet, advancing responsible environmental practices, improving access to health services, and strengthening community resilience. By integrating environmental sustainability with health- focused interventions, the Bank continues to contribute meaningfully to a future where economic growth, human wellbeing, and environmental integrity reinforce one another for lasting national impact.

a. Walking the Talk on Climate Action: AltWalk4ZeroPlastic Mobilises Communities for a Cleaner, More Resilient Nigeria

Plastic pollution continues to threaten urban infrastructure, public health, and environmental resilience across Nigeria. In response, the Bank launched the ALT-Walk-4-Zero Plastic Campaign, a multi-city advocacy and action initiative delivered across Lagos, Abuja, and Kano.

In Lagos, the flagship launches coincided with the Bank's 2025 World Environment Day commemoration. The ALT- Walk-4-Zero Plastic Lagos Edition, held on July 19, 2025, featured a high-visibility advocacy walk from Commercial Road, Yaba, to Tejuosho Market. Participants engaged traders and residents through on-site sensitization, plastic waste collection, and the distribution of recycling bins, reinforcing practical waste-management behaviors at the community level.

Goodwill messages and expert contributions from the Lagos State Ministry of Environment and Water Resources, LAWMA, and LASEPA highlighted the critical role of government–private sector collaboration in addressing urban environmental risks. The event also strengthened employee engagement, showcased the Bank's ESG-aligned offerings, and amplified visibility for Wastebanc, our innovative waste-to-value and climate-finance solution.

In Abuja, the campaign further advanced stakeholder collaboration and national visibility for the Bank's sustainability agenda. With participation from over 200 community members and stakeholders, including representatives of the Federal Ministry of Environment, Federal Ministry of Youth Development, Abuja Environmental Protection Board (AEPB), and the Daar Communications Group, the walk cut across major streets and markets in Wuse 2.

Led by senior Bank leadership and public officials, the engagement directly connected environmental advocacy with citizen action reinforcing responsible consumption, plastic reduction, and shared accountability for cleaner cities.

The campaign reached its northern crescendo in Kano on October 4, 2025, where ALT-Walk-4-Zero Plastic delivered a powerful call-to-action in Nigeria's Centre of Commerce. In collaboration with government agencies, development partners, and private sector allies, the Bank mobilized youth groups, women cooperatives, MSMEs, schools, environmental advocates, and market communities to confront plastic pollution as both an environmental and economic issue.

Engagements emphasized the links between plastic waste, public health, agricultural productivity, and climate resilience, while demonstrating how sustainable finance can accelerate community-led recycling, greener markets, and long-term ecosystem resilience across Northern Nigeria.

The Walk-4-Zero Plastic Campaign represents more than a series of walks; it is a statement of intent. It affirms the Bank's belief that climate action must be inclusive, locally driven, and anchored in partnerships that translate awareness into action. As we continue to scale this initiative, we remain committed to using our platform, products, and partnerships to support cleaner environments, resilient communities, and a sustainable future for Nigeria.

b. Advancing Preventive Healthcare and Community Well-being through the Ilawo Health Walk

Access to preventive healthcare and early health education remains a persistent challenge in many Nigerian communities, where late diagnosis and limited awareness continue to place avoidable pressure on families and local health systems. In recognition of this gap, and in line with our commitment to health and community well-being, the Bank partnered in the Ilawo Health Walk and Medical Outreach, delivered as part of the week-long community celebrations marking the Second Coronation Anniversary of His Royal Majesty.

The Health Walk was designed as a people-centred intervention that promoted physical activity, preventive health awareness, and early engagement with healthcare services within the Ilaro community. By integrating wellness advocacy into a culturally significant community celebration, the initiative ensured strong participation, trust, and local ownership, demonstrating the power of traditional institutions and private-sector partnerships in advancing public health outcomes.

Through this collaboration, community members benefited from structured physical activity, on-the-spot health sensitization, and access to basic medical outreach services, helping to encourage healthier lifestyles and early health- seeking behavior. The initiative contributed to improved awareness around non-communicable diseases, personal wellness, and the importance of routine health checks—key foundations for long-term community resilience.

From a sustainability and impact lens, the Ilawo Health Walk directly supports SDG 3 (Good Health and Well-Being) by promoting preventive healthcare, community wellness, and inclusive access to health information. It also reflects the Bank's sustainability banking principles by investing in interventions that reduce long-term health risks, strengthen social capital, and support healthier, more productive communities.

This partnership underscores our belief that sustainable development begins with healthy people. By aligning health promotion with cultural celebration and strong local partnerships, we continue to advance dignified, community-driven solutions that improve quality of life. As we deepen our CSI footprint, we remain committed to supporting initiatives that place health, prevention, and community well-being at the heart of Nigeria's development journey.

c. Every Step Saves a Heart: Mobilising Action for Cardiovascular Awareness and Preventive Care on World Heart Day

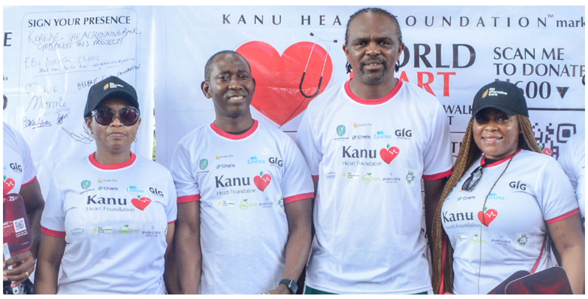
Cardiovascular and congenital heart diseases remain among the leading causes of preventable morbidity and mortality in Nigeria, often worsened by late diagnosis, limited public awareness, and unequal access to quality healthcare. In response to this growing public health challenge, and as part of our commitment to health promotion and preventive care, we partnered with the Kanu Heart Foundation to commemorate World Heart Day through a 5KM advocacy walk in Lagos.

The walk, which commenced from the Ikoyi Link Bridge Roundabout, brought together a diverse coalition of stakeholders, including Kanu Nwankwo, Bank executives, healthcare advocates, and other dignitaries, to deliver a strong, visible call to action on heart health. By combining public advocacy with community engagement, the initiative elevated national and pan-African conversations around congenital heart disease, emphasizing the life-saving importance of early detection, routine medical check-ups, and timely access to quality cardiac care.

The impact of the initiative extended beyond physical participation. It strengthened public awareness of heart health, reduced stigma around congenital heart conditions, and encouraged individuals and families to prioritize preventive healthcare and early screening. The presence of high-profile advocates and institutional partners amplified reach, credibility, and message resonance, ensuring that heart health conversations reached audiences beyond the immediate event location.

The World Heart Day 5KM Walk directly advanced SDG 3 (Good Health and Well-Being) by promoting preventive healthcare, reducing avoidable health risks, and advocating for equitable access to essential health services. The initiative also reflects the Bank's sustainability banking principles by investing in prevention-focused interventions that lower long-term healthcare burdens, strengthen human capital, and contribute to healthier, more productive communities.

The Walk reinforces the Bank's belief that sustainable development begins with healthy hearts and informed communities. Through strategic partnerships such as our collaboration with the Kanu Heart Foundation, we continue to support impactful, people-centered health initiatives that save lives, build awareness, and advance inclusive well- being today and for generations to come.



d. Shaping Nigeria's Sustainability Narrative: Building Media Capacity for Responsible, Impact-Driven Reporting

As part of the Bank's CSI commitment to strengthening institutions that shape public knowledge and drive accountability, we partnered to deliver a two-day Sustainability Media Training for senior editors, journalists, and leading media professionals drawn from across Nigeria. The programme was convened under the 2025 National Sustainability Week and responded to a critical national challenge: the limited depth, consistency, and accuracy of sustainability, climate, and development reporting in an era of accelerating environmental and socio-economic change.

Delivered in partnership with Nature News and the Climate Africa Media Initiative & Centre, the training reached 60 senior editors and journalists, equipping them with practical tools, global best practices, and future-facing skills to improve sustainability reporting. The programme, themed "Storytelling for Good: Reporting Sustainability, Innovation & Nigeria's Future," blended theory with hands-on learning, covering climate and sustainability narratives, advocacy-driven storytelling, editorial strategy, AI-enabled content optimization, content distribution, and financial sustainability in media management.

The intervention aligns directly with SDG 4 (Quality Education) through professional capacity building, SDG 13 (Climate Action) by strengthening climate and environmental reporting, and SDG 16 (Peace, Justice and Strong Institutions) by reinforcing the role of a credible, informed, and responsible media in national development. From an ESG perspective, it advances the Bank's Social and Governance commitments, recognizing strong institutions and informed public discourse as foundations for long-term economic resilience and inclusive growth. It also reflects sustainability banking principles that go beyond financing, positioning the Bank as a catalyst for systems change through knowledge, partnerships, and institutional strengthening.

The Sustainability Media Training formed the fourth pillar of the 2025 National Sustainability Week, complementing the Sustainability Series Campaign, the National Secondary School Essay Competition, and the Beach and National Clean-up Exercise.

Beyond the classroom, participants committed to post-training engagement, active reporting throughout National Sustainability Week, and membership in a closed sustainability media community established to ensure continuity, peer learning, and long-term impact.
Ultimately, this initiative represents more than a training programme; it is a strategic investment in Nigeria's future narrative.

By empowering media leaders to report sustainability, innovation, and development with depth, accuracy, and influence, the Bank is helping to position the media as a powerful driver of climate action, responsible governance, and inclusive prosperity.

We remain committed to partnerships that strengthen voices, institutions, and systems, because sustainable development is not only about what we build, but also about the stories we tell and the futures they inspire.

3. WOMEN DEVELOPMENT AND SOCIAL INCLUSION

Advancing Equity, Agency, and Shared Prosperity

Women's empowerment and social inclusion remain central to the Bank's 2025 Corporate Social Investment strategy. We recognize that inclusive growth cannot be achieved without dismantling systemic barriers that limit women's access to finance, education, healthcare, digital skills, and leadership opportunities.

Our approach in 2025 deliberately shifted from symbolic participation to structured empowerment, strengthening economic agency, expanding financial access, building digital capability, advancing health equity, and promoting dignity for underserved populations.

a. Accelerating Women's Economic Power: Advancing Wealth, Inclusion, and Gender Equity

Women's empowerment stood at the heart of the 2025 Corporate Social Investment (CSI) agenda, reflecting our conviction that sustainable economic growth is impossible without the full participation and prosperity of women. Across both urban and rural contexts, women continue to face systemic barriers to wealth creation, access to finance, and investment opportunities, despite being critical drivers of household resilience, enterprise growth, and community development. In response to this challenge, the Bank deliberately leveraged global advocacy moments to spotlight women's economic contributions and catalyze action.

In commemoration of International Women's Day (IWD) 2025, under the global theme "Accelerate Action," and the International Day of Rural Women, the Bank amplified conversations around women's financial empowerment, inclusion, and leadership. These engagements reinforced the Bank's commitment to closing gender gaps in access to capital, knowledge, and opportunity, across both formal financial markets and grassroots economies.

A flagship highlight was the "Women in Wealth" event, hosted on March 8, 2025, at AltPlace, Lekki. The event convened female executives, entrepreneurs, professionals, and investors for high-impact dialogue on wealth creation, financial independence, ethical investing, and long-term financial planning. More than a symbolic celebration, the forum elevated the lived experiences and insights of women who are actively reshaping the financial and investment landscape, challenging norms, breaking barriers, and redefining leadership in capital markets and enterprise.

The program directly supports SDG 5 (Gender Equality) by promoting women's economic empowerment, while advancing SDG 8 (Decent Work and Economic Growth) through improved access to financial knowledge and investment pathways, and SDG 10 (Reduced Inequalities) by addressing structural gaps in women's participation in wealth creation. It also aligns with the Bank's ESG priorities, particularly the Social (S) pillar, by enabling inclusive access to finance, capacity building, and leadership platforms for women.

By anchoring women's empowerment within our CSI strategy, we affirm that investing in women is not only a moral imperative but a strategic economic choice. As we look ahead, we remain committed to deepening partnerships, scaling women-focused financial solutions, and supporting both urban and rural women to build wealth, resilience, and lasting prosperity for themselves, their families, and their communities.

b. Together for Equality: Driving Gender Progress Through Collective Action and Partnership

Gender inequality remains one of the most persistent barriers to inclusive growth, limiting women's access to opportunity, leadership, and economic participation across sectors. Recognizing that sustainable development requires coordinated action across institutions and communities; we continue to champion partnerships that advance gender equity as a cornerstone of social and economic transformation.

On March 6, 2025, the Bank proudly partnered with SDGforHer to commemorate the 2025 International Women's Day, under the theme "All Hands on Deck: Advancing Gender Equality Through Collective Action." Hosted at the Civic Centre, Victoria Island, Lagos, the convening brought together senior leaders from the private sector, government, civil society, and the development community to engage in high-level dialogue and practical strategy-setting for accelerating gender equality in Nigeria.

The forum provided a platform for candid discussions on structural barriers facing women, ranging from access to finance and leadership opportunities to policy gaps and socio-cultural constraints and explored collaborative solutions that place women at the center of economic and social progress. Through cross-sector knowledge exchange, participants identified actionable pathways to strengthen women's participation in decision-making, entrepreneurship, and the formal economy.

The Bank's participation reinforced its role as a convener and enabler of gender-responsive development. The engagement contributed to strengthened networks among gender-focused stakeholders, amplified advocacy for inclusive policies, and deepened alignment between private sector finance and gender equality outcomes.

This initiative directly advances the United Nations Sustainable Development Goals, particularly SDG 5 (Gender Equality) by promoting shared responsibility for women's empowerment, while also supporting SDG 17 (Partnerships for the Goals) through multi-stakeholder collaboration, and SDG 10 (Reduced Inequalities) by addressing systemic exclusion. It aligns with the Bank's sustainability banking principles and ESG priorities, by embedding gender inclusion into our partnerships, advocacy, and market-facing engagements.

By standing alongside SDGforHer and other ecosystem leaders, we reaffirmed our belief that gender equality cannot be achieved in silos. It requires collective commitment, sustained partnerships, and intentional action. As we move forward, the Bank remains committed to supporting platforms and programs that translate dialogue into measurable outcomes, ensuring that women are not only included in Nigeria's growth story, but are empowered to lead it.

c. Empowering Rural Women, Sustaining Lives and Strengthening Economies

In October 2025, Alternative Bank Limited commemorated the International Day of Rural Women through a strategic partnership with Alt Haven, UTIVA, and the ECOWAS Small Business Coalition, advancing rural women empowerment and women-led MSMEs across Africa. This intervention was anchored in our Corporate Social Investment strategy and reflected our conviction that inclusive growth, food security, and climate resilience are impossible without intentionally investing in rural women who sustain households, communities, and local economies.

Across Africa, rural women remain central to agricultural production, environmental stewardship, and micro enterprise development, yet they continue to face systemic barriers including limited access to finance, skills, digital tools, and policy support. These gaps constrain productivity, income security, and community resilience, despite the critical role women play in sustaining livelihoods and responding to climate and economic shocks. Recognizing this challenge, the Bank convened a high-level virtual commemoration under the theme Rural Women and MSMEs Driving Sustainability Strengthening Economies Securing our Shared Tomorrow, creating a platform to celebrate rural women as economic leaders while mobilizing solutions that expand opportunity and resilience.

The programme brought together public sector leaders, development partners, private sector actors, and women entrepreneurs from across Africa. Key highlights included a thematic paper on empowering rural women and women MSMEs as drivers of climate resilience and sustainable prosperity, a keynote address by Her Excellency Hajia Fatima Dikko Radda, and goodwill messages from the United Nations, women, national and regional government representatives, and leading development institutions. A Pan-African panel discussion focused on financing women's futures, addressing access to alternative finance, agency, and inclusive financial systems for rural women and MSMEs.

A major outcome of the engagement was the award of full Alternative Bank Limited and UTIVA scholarships to 20 women beneficiaries, alongside the introduction of Alt Haven enterprise support offerings and innovative financing solutions designed to strengthen women-led businesses.

This initiative directly supports the United Nations Sustainable Development Goals, particularly SDG 5 on Gender Equality, SDG 8 on Decent Work and Economic Growth, SDG 10 on Reduced Inequalities, and SDG 13 on Climate Action, by expanding access to skills, finance, and systems that enable rural women and women-led MSMEs to thrive sustainably.

d. Closing the Digital Divide: Empowering Women to Lead Africa's Tech Future

At the heart of the 2025 International Day of Rural Women commemoration, Alternative Bank Limited launched the AltBank Women in Tech Scholarship, a flagship Corporate Social Investment intervention delivered in strategic partnership with UTIVA. The programme was designed to address one of the most persistent barriers to women's economic advancement in Africa: the digital skills gap, which continues to limit access to quality employment, entrepreneurship opportunities, and participation in the fast- growing digital economy.

Across Nigeria and the continent, women particularly those from rural and underserved communities remain significantly underrepresented in technology and innovation-driven sectors. Limited access to quality training, affordability constraints, and structural inequities have widened this gap, reinforcing cycles of exclusion and income insecurity. Recognizing this challenge, the Bank implemented the Women in Tech Scholarship as a targeted, high-impact response to equip women with future-ready skills and unlock sustainable pathways to economic empowerment.

Through a nationwide open call, 20 women beneficiaries were competitively selected to receive fully funded three-to- four-month technology scholarships. The programme provided practical, in-demand digital skills training designed to enhance employability, support entrepreneurship, and strengthen long-term economic resilience. Beyond technical capacity, the initiative empowered participants with confidence, professional networks, and access to opportunities within the digital ecosystem.

Alternative Bank Limited Women in Tech Scholarship aligns strongly with the United Nations Sustainable Development Goals, particularly SDG 4 on Quality Education, SDG 5 on Gender Equality, SDG 8 on Decent Work and Economic Growth, and SDG 10 on Reduced Inequalities, by expanding inclusive access to digital education and enabling women to participate meaningfully in technology-led growth.

This intervention underscores the Bank’s sustainability banking principles and its commitment to inclusive development through partnerships that deliver measurable social impact. By investing in women’s digital skills, we are not only closing opportunity gaps but also building a more resilient, innovative, and inclusive economy. As women gain the tools to thrive in the digital age, communities prosper, industries evolve, and the foundation for sustainable national development is strengthened.

e. Breast Cancer Awareness Month 2025: Katsina State Walk of Hope: “Every Story is Unique, Every Journey Matters”

As part of our Social Investment focus on health equity and women's wellbeing, Alternative Bank Limited advanced breast cancer awareness and preventive care through a high-impact community advocacy intervention in Katsina State during Breast Cancer Awareness Month 2025. Breast cancer remains the most diagnosed cancer globally, with over 2.3 million new cases each year, and nearly 70 per cent of related deaths occurring in low- and middle-income countries due largely to late diagnosis, limited awareness, and constrained access to quality care. These realities make community-level education, early detection, and strong referral systems not optional but urgent.

In alignment with the World Health Organisation Global Breast Cancer Initiative, which targets a significant reduction in breast cancer mortality through early detection and equitable care, Alternative Bank Limited partnered with the Pledging Aid Charity Foundation and the Office of the Wife of the Executive Governor of Katsina State to host the 2025 Breast Cancer Awareness Walk on 31 October. The initiative, themed "Every Story is Unique, Every Journey Matters," was designed to humanise the breast cancer conversation by honouring survivors, supporting families, and amplifying advocacy for early screening, timely treatment, and inclusive psychosocial support.

The 4km community walk commenced at the Old Government House, Katsina, and concluded at Karkando Stadium, drawing an estimated 4,000 participants. The diverse turnout included government leaders, healthcare professionals, women's cooperatives, entrepreneurs, civil society actors, religious and market leaders, and development partners. At the stadium, participants engaged in expert-led sensitisation sessions on early detection, heard goodwill messages from key dignitaries, and witnessed the inspection of a breast cancer screening centre by Her Excellency, reinforcing the importance of accessible diagnostic services at the community level.

Beyond awareness, the initiative drove behaviour change conversations around screening and preventive health-seeking, strengthened collaboration across public, private, and development actors, and deepened trust between financial institutions and communities. Through activation booths and engagements led by Alternative Bank Limited and AltHaven, the Bank's women-focused innovation hub, participants were introduced to women-centric financial products, wellness-focused sessions, and inclusion pathways designed to support long-term economic and health resilience.

This intervention advanced SDG 3 (Good Health and Wellbeing) and SDG 5 (Gender Equality) by promoting preventive healthcare, reducing health disparities, and centring women's health as a foundation for inclusive development. By combining health education, community mobilisation, and financial inclusion, the initiative demonstrated that sustainable progress is achieved when institutions stand with communities not only to raise awareness, but to accelerate access, dignity, and hope.

f. Championing Ability, Dignity, and Inclusion: Advancing Disability Rights through Inclusive Sports

As part of our commitment to social inclusion and human dignity, we strengthened disability inclusion and public awareness through a strategic partnership with the University of Lagos chapter of the National Association of Nigerian Visually Impaired Students (NANVIS) during the 2025 International Day of Persons with Disabilities. Persons with visual impairments continue to face systemic barriers including limited access to inclusive infrastructure, social exclusion, and constrained economic and wellness opportunities. These challenges underscore the importance of intentional programmes that move beyond awareness to practical inclusion and participation.

On 3 December 2025, the NANVIS UNILAG Chapter, in partnership with Alternative Bank Limited, delivered a Sports Event for the Visually Impaired designed to promote physical wellbeing, social integration, and public recognition of the rights, abilities, and contributions of persons with visual impairments. The programme convened visually impaired students and athletes, caregivers, volunteers, disability rights advocates, and institutional partners, creating a safe and enabling environment that encouraged visibility, confidence, and community connection.

Through carefully designed adaptive and guided sporting activities, including assisted track exercises, inclusive fitness challenges, and modified team games, participants experienced first-hand how accessible design and trained support can unlock participation and performance. The activities strengthened physical health, fostered teamwork, and reinforced self-confidence, while the presence and encouragement of spectators and partners deepened a shared sense of belonging and collective responsibility.

Beyond sport, the event served as a powerful advocacy and sensitisation platform. Engagements highlighted the urgent need for accessible public infrastructure, inclusive financial services, social protection systems, and sustainable livelihood opportunities for persons with disabilities. By amplifying these conversations in a public setting, the initiative helped shift narratives from limitation to possibility and from charity to rights-based inclusion.

This intervention advanced SDG 3 (Good Health and Wellbeing) through physical activity and wellness, SDG 10 (Reduced Inequalities) by promoting equal participation and dignity, and SDG 11 (Sustainable Cities and Communities) by advocating for accessibility and inclusive design.

4. AGRICULTURE, FOOD SECURITY & LIVELIHOODS

Strengthening Resilience, Value Chains, and Inclusive Economic Growth

Agriculture remains a critical driver of economic stability, rural livelihoods, and national food security in Nigeria. However, structural inefficiencies, climate vulnerability, limited access to finance, and fragmented value chains continue to constrain productivity and income stability for farmers and agribusinesses.

In 2025, the Bank prioritized Agriculture, Food Security, and Livelihoods as a strategic pillar of its Corporate Social Investment agenda. Our interventions were designed to strengthen value chains, promote climate-smart innovation, enhance agribusiness capacity, and build resilient food systems capable of sustaining long-term economic growth.

a. Cultivating a Sustainable Future: Strengthening Nigeria's Livestock Value Chain through the AltBank Alfalfa Program

As part of our focus on agricultural transformation and food systems resilience, we advanced the second phase of the Alfalfa Livestock Value Chain Innovation Program in Bokkos, Jos, in partnership with Plateau State University. Nigeria's livestock sector continues to face structural challenges, including high feed costs, low productivity, and limited access to locally adapted, high-quality fodder.

These constraints directly affect farmer incomes, food security, and the long-term sustainability of the livestock industry, underscoring the need for research-driven, locally owned solutions.

The Alfalfa Program was designed to address this gap by positioning alfalfa cultivation as a viable, climate-smart, and high yield feed solution for Nigeria's livestock value chain. Following a successful pilot phase delivered in collaboration with sector experts and Plateau State University, the program generated critical insights on crop adaptation, yield optimization, and efficient resource use under local conditions.

Building on these results, the second phase marked a major milestone with the formal handover of the program to Plateau State University, embedding Alfalfa as a long-term social investment platform anchored in academic research, institutional ownership, and ecosystem collaboration.

Under this transition, Plateau State University now leads research and development activities, supported by the Bank's continued funding, technical support, and strategic oversight. The initiative aligns closely with the Plateau State Government's agricultural development agenda and creates a scalable pathway for national adoption.

By strengthening research infrastructure and targeting yield benchmarks of up to ten tons per hectare, the program is laying the foundation for improved livestock productivity, reduced reliance on imported feed, and more stable livelihoods for farmers and agribusiness actors.

This intervention advances the United Nations Sustainable Development Goals in a single, integrated pathway by supporting SDG 2 on Zero Hunger through improved feed availability and livestock productivity, SDG 8 on Decent Work and Economic Growth through strengthened agribusiness value chains and farmer incomes, and SDG 9 on Industry Innovation and Infrastructure by investing in agricultural research and scalable production systems.

Through the Alfalfa Livestock Value Chain Innovation Program, we are not only cultivating a crop. We are cultivating knowledge, resilience, and shared prosperity, proving that strategic corporate investment in agriculture can yield lasting benefits for communities, markets, and generations to come.

b. Scaling Nutritious Food Enterprises Strengthening Food Security through the EPIC Acceleration Program

As part of our commitment to food systems transformation and inclusive economic growth, Alternative Bank Limited partnered with Inspire Decision Consulting and the Global Alliance for Improved Nutrition to deliver the Empowering, Propelling, and Impacting Nutritious Food Businesses and Communities Acceleration Program (EPIC) across Osun and Lagos States. Nigeria continues to face a dual challenge of food insecurity and malnutrition, driven by fragile value chains, limited access to finance, and capacity gaps among small and medium-sized agribusinesses that play a critical role in supplying nutritious food to local markets.

The EPIC Acceleration Program was designed to address these challenges by strengthening nutrition focused agro SMEs as catalysts for healthier communities and resilient food systems. Through this collaboration, over 250 agribusiness entrepreneurs were trained through highly interactive, practice-oriented sessions that enabled participants to share experiences, co-create solutions, and apply practical strategies to scale their enterprises. The training focused on improving competitiveness, productivity, and market readiness while embedding nutrition outcomes at the core of business growth.

Participants received structured capacity building across agribusiness models for nutritious food transformation, financial structuring and bookkeeping, innovation and scaling for production, risk mitigation and sustainable financing, and the use of the Business Model Canvas to improve investor readiness. Beyond technical skills, the program strengthened financial literacy and decision making, positioning participating SMEs to access appropriate financing and operate more sustainably within Nigeria's evolving food economy.

The impact of the EPIC Acceleration Program is both economic and social. By enhancing the viability and resilience of nutrition-focused SMEs, the initiative supports job creation, income growth, and improved access to affordable, nutritious food within underserved communities. The program also establishes a pipeline of investable agribusinesses that can contribute meaningfully to national food security and public health outcomes.

This intervention advances the SDG 2 on Zero Hunger through improved nutrition-focused food production, SDG 3 on Good Health and Well Being through increased availability of nutritious foods, and SDG 8 on Decent Work and Economic Growth by strengthening SME competitiveness and employment within the agribusiness sector. Importantly, the EPIC Program is structured as a multi-year intervention running through 2026, with ongoing mentorship, coaching, and ecosystem linkages that ensure sustained impact beyond the initial training phase. This long-term approach reflects our belief that durable change in food systems requires consistent support, strong partnerships, and market-based solutions.

c. Survival of the Greenest: Advancing Sustainable Agriculture and Climate Smart Finance Across Africa

We partnered in the 7th edition of the Agric Summit Africa, themed "Survival of the Greenest." As part of our social investment commitment to agricultural transformation and climate resilience.

Across Africa, agriculture remains the backbone of livelihoods and food security, yet the sector continues to face escalating challenges from climate change, limited access to sustainable finance, low productivity, and weak adoption of innovation. Addressing these systemic constraints requires strong platforms that convene decision makers, innovators, and capital around shared solutions.

The Agric Summit Africa provided such a platform, bringing together policymakers, agribusiness leaders, investors, development partners, and innovators from across the continent and beyond. Through high-level conversations and solution-driven engagements, the summit advanced dialogue on climate-smart agriculture, green and alternative financing models, digital innovation, and resilient food systems, while positioning Africa's agricultural sector as a driver of inclusive growth and global food security.

Our participation reinforced the importance of sustainable finance as an enabler of agricultural productivity and climate adaptation. By supporting conversations around green finance, value chain financing, and innovation-led agribusiness models, the summit helped catalyze partnerships, investment interest, and practical pathways for scaling sustainable agricultural solutions across Africa. The engagement also strengthened knowledge exchange and collaboration among stakeholders working to modernize agriculture while protecting natural ecosystems.

The impact of the summit lies in its role as a convening and influence platform, accelerating alignment between policy, finance, and innovation to unlock resilient agricultural systems. It underscored the urgency of transitioning to climate-smart practices that safeguard livelihoods, improve yields, and reduce environmental degradation, while creating opportunities for youth, women, and smallholder farmers across value chains.

Through partnerships such as Agric Summit Africa, the Bank continues to play a catalytic role in shaping conversations and collaborations that move Africa towards a greener, more resilient, and inclusive agricultural future. By investing in ideas, partnerships, and financing models that prioritize sustainability, we reaffirm our commitment to enabling agriculture not only to survive, but to thrive for generations to come.

5. ENTERPRISE DEVELOPMENT

Enterprise development and community engagement remain central to the Bank's inclusive growth strategy. In 2025, our approach moved beyond access to finance toward strengthening enterprise ecosystems, supporting MSMEs, and reinforcing trust within community networks.

Recognizing that small businesses, traders, faith-based communities, and informal sector operators form the backbone of Nigeria's economic landscape, our interventions were designed to expand financial inclusion, strengthen business capability, and enhance long-term resilience.

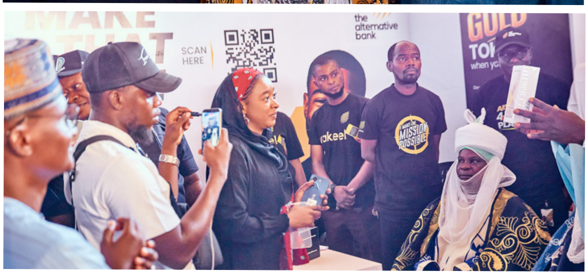
a. Championing SME Growth at the 46th Kano International Trade Fair Driving Impact Innovation and Inclusive Prosperity Across Northern Nigeria

The 46th Kano International Trade Fair represented a critical opportunity to strengthen enterprise development in Northern Nigeria, where SMEs and MSMEs remain the backbone of trade, employment, and household livelihoods but continue to face constraints around access to finance, markets, and business support. Against this backdrop, the Bank deepened its long-standing strategic partnership with the Kano State Chamber of Commerce, Industry, Mines and Agriculture (KACCIMA), serving as a Lead Partner at the Fair themed "Empowering SMEs for Sustainable Development."

Ahead of the eighteen-day fair, targeted stakeholder engagements were held with KACCIMA leadership, exhibitors, market unions, and ecosystem partners to ensure strong alignment, enhanced visibility, effective customer engagement, and clear pathways for business conversion. These preparatory engagements laid the foundation for a highly coordinated presence that translated into measurable economic and social outcomes.

The Trade Fair formally opened on November 25, 2025, convening senior federal and state government officials, traditional rulers, chamber executives, regulators, industry leaders, and entrepreneurs from across the region. Through a goodwill address delivered on behalf of the Bank, our leadership reaffirmed a clear message of partnership with Northern businesses and a commitment to building resilient enterprises through ethical and inclusive banking solutions.

Throughout the Fair, the Bank's stand functioned as a hub for financial inclusion and enterprise support. Over the course of the engagement, 2,806 new accounts were opened, and 273 POS devices issued, directly expanding access to financial services, and enabling small businesses to participate more effectively in the formal economy. These outcomes reflect tangible progress in advancing SDG 8 Decent Work and Economic Growth and SDG 9 Industry Innovation and Infrastructure, while contributing to SDG 10 Reduced Inequalities through expanded access to finance for underserved entrepreneurs.



b. Advancing Ethical Prosperity Through Halal Business Conversations

In November 2025, the conversation on ethical wealth creation and faith-aligned enterprise was amplified as the Bank advanced its partnership with the Business The Way Allah Wants It (BTWAWI) Initiative by taking the Halal Business Conversations to Abuja. Hosted at the National Mosque Conference Hall, the engagement responded to a growing need among Muslim entrepreneurs for practical guidance on building sustainable businesses without compromising ethical and spiritual values.

The conference, themed "The Cycle of Wealth Islamic Approach to Earning Preserving and Passing Wealth," convened entrepreneurs, professionals, policymakers, and industry leaders committed to transparency, integrity, and social responsibility. Through shared experiences, expert sessions, and peer learning, participants gained practical insights into halal entrepreneurship, ethical financial management, and intergenerational wealth preservation guided by Islamic principles.

By supporting this platform, the Bank reinforced its commitment to value-driven entrepreneurship and faith-aligned finance. The sessions emphasized that ethical business practices are not only morally sound but economically sustainable, fostering trust, long term growth, and social impact. This intervention contributes to SDG 8 Decent Work and Economic Growth by strengthening entrepreneurship, and SDG 16 Peace Justice and Strong Institutions through the promotion of integrity and ethical conduct in business.

The Abuja edition further strengthened a growing community of entrepreneurs committed to building wealth with purpose. Through its sustained partnership with BTWAWI, the Bank continues to champion ethical prosperity, empower Muslim-owned businesses, and expand access to financial solutions that align faith values with long-term economic resilience. The engagement concluded with a renewed call for collaboration and continuous learning as essential pillars for building inclusive and principled economies.

c. Strengthening Grassroots Trade and Financial Inclusion Through Market Associations

Grassroots traders, market women, men, and smallholder farmers play a central role in Nigeria's food systems and informal economy, yet they often remain excluded from formal financial services and structured market opportunities. To address this gap, the Bank established strategic partnerships with the Association of Market Women, Men and Farmers (the 'Association') across multiple states, strengthening grassroots trade, agricultural value chains, and financial inclusion at scale.

In 2025, the Bank partnered with the Association during its grand launch and activation events in Kano and Ibadan, supporting the formal organization of market actors and expanding access to banking services tailored to their needs. These engagements created entry points for traders and farmers to access accounts, payment solutions, and financial literacy, while strengthening trust between the financial system and informal market communities.

The importance of this partnership lies in its scale and proximity to everyday livelihoods. By working directly with organized market associations, the Bank helped bridge long-standing gaps between informal traders and formal finance, supporting income stability, enterprise growth, and resilience against economic shocks. This intervention advances SDG 1 No Poverty and SDG 8 Decent Work and Economic Growth, while contributing to SDG 10 Reduced Inequalities through inclusive access to financial services.

Through collaboration with market associations, the Bank continues to demonstrate that inclusive growth is built from the ground up. By empowering traders and farmers where economic activity is most vibrant, the Bank reinforces its commitment to shared prosperity, resilient local economies, and sustainable development driven by partnership and trust.

6. SOCIAL IMPACT, ADVOCACY AND COMMUNITY ENGAGEMENT

Building Trust, Strengthening Communities, Advancing Shared Prosperity

In 2025, Alternative Bank Limited strengthened the governance architecture underpinning its Corporate Social Investment (CSI) strategy. Our approach evolved from programmatic delivery to structured impact governance, ensuring accountability, measurable outcomes, and alignment with sustainable banking objectives.

Alternative Bank Limited recognizes that sustainable social impact requires disciplined oversight, credible partnerships, and transparent performance measurement. Accordingly, Section 6 highlights how impact is governed, scaled, and integrated across the institution.

a. Month of Meaning and Compassion: The Inaugural AltBank Ramadan Program

Ramadan represents more than a period of fasting; it is a season for reflection, generosity, and collective responsibility. In many communities, economic pressures— rising food costs, displacement, and income insecurity— amplify vulnerabilities during this sacred period. For low- income households, these challenges often threaten the ability to observe the month with dignity, making deliberate, faith-aligned interventions essential to fostering social cohesion, resilience, and communal solidarity.

In March 2025, the Bank successfully delivered its maiden Ramadan Program across 10 states, including Lagos, Oyo, Osun, Kwara, Abuja, Kano, Katsina, Kaduna, Borno, and Sokoto. The program was designed as a holistic engagement combining thought leadership, community dialogue, and humanitarian support.

Key initiatives included a 30-day Ramadan Radio Series that reached millions of listeners, special iftar gatherings across four strategic locations hosting over 400 dignitaries, and a targeted Ramadan Food Program supporting 400 households and over 1,500 indirect beneficiaries, particularly women and children.

Beyond immediate relief, the program strengthened social bonds, promoted shared values, and reinforced empathy at scale. By advancing social protection, food security, and inclusive faith-based engagement, it directly contributed to SDG 1 No Poverty, SDG 2 Zero Hunger, and SDG 10 Reduced Inequalities. The program culminated in Eid distributions in Maiduguri, leaving behind renewed trust, strengthened partnerships, and a legacy of compassion rooted in faith-driven action.

b. Investing in Faith-based Social Infrastructure: Partnership with Island Muslim Community N5 billion Appeal Fund

Rapid urbanization has outpaced the development of culturally aligned social infrastructure in many Nigerian cities. The absence of structured healthcare facilities, Shariah-compliant burial grounds, child welfare institutions, and safe community spaces often places additional stress on families, weakens social support systems, and limits access to services that protect dignity and promote wellbeing. These gaps underscore the importance of long-term, community-led solutions that build resilience and inclusive urban development.

On March 1, 2025, the Bank partnered with the Island Muslim Community (IMC) to launch its N5 Billion Appeal Fund, a transformative initiative focused on developing critical social infrastructure across Lagos Island surrounding areas. Proposed projects include Shariah- compliant cemeteries, a world-class women's and children's hospital, a Muslim-oriented orphanage, and a revenue- generating community center integrating commercial, educational, and digital facilities. The Bank's business and sales teams were actively deployed on the ground to drive awareness, stakeholder engagement, and partnership activation, ensuring alignment with community needs.

By supporting infrastructure that enhances healthcare access, child protection, dignified social services, and sustainable community spaces, this partnership advances SDG 3 Good Health and Wellbeing, SDG 9 Industry Innovation and Infrastructure, and SDG 11 Sustainable Cities and Communities. The collaboration reflects the Bank's belief that faith-based institutions, when empowered and supported, can serve as anchors for inclusive urban development, social resilience, and long-term community impact.

c. Faith, Finance, and Poverty Alleviation: Ramadan Da'wah Workshop with Lekki Muslim Ummah

Poverty within faith communities is often compounded by low financial literacy, limited access to ethical financing, and underutilization of Islamic social finance instruments such as zakat and waqf. Addressing these structural gaps requires platforms that integrate spiritual guidance with practical economic empowerment, enabling communities to leverage philanthropy and finance as tools for sustainable development.

On March 9, 2025, the Bank partnered with the Lekki Muslim Ummah to deliver a Ramadan Da'wah Workshop, themed "Poverty Alleviation: The Role of Muslim Philanthropy." The workshop convened community members for interactive discussions on healthy living during Ramadan, Islamic social finance as a vehicle for empowerment, and the structural drivers of poverty.

The Bank actively supported the Feeding the Hungry initiative, providing immediate nutritional relief, and facilitated a financial literacy session focused on Shariah-compliant financing and investment solutions.

This engagement strengthened community awareness of ethical wealth creation while addressing immediate food insecurity, advancing SDG 1 No Poverty, SDG 2 Zero Hunger, and SDG 8 Decent Work and Economic Growth. It reaffirmed the Bank's conviction that faith- aligned finance, when coupled with knowledge and compassionate action, can serve as a catalyst for long-term economic empowerment, resilience, and inclusive prosperity.

d. Advancing Private Sector Leadership for the SDGs: UN Global Compact Network Nigeria Roundtable

The Sustainable Development Goals cannot be achieved without the active engagement of the private sector. Businesses have a unique capacity to translate ambition into scalable, measurable action through innovation, investment, and partnerships. Yet, aligning corporate strategies with societal impact requires platforms that convene leaders, policymakers, and development actors to collaborate, share best practices, and hold one another accountable.

Alternative Bank Limited participated in the UN Global Compact Network Nigeria Exclusive Roundtable on Accelerating SDG Implementation through Six Key Transition Pathways, co-convened by the United Nations in Nigeria and Sterling One Foundation.

The roundtable provided an avenue to discuss innovative approaches for mobilizing private capital toward climate resilience, social inclusion, and sustainable enterprise growth. By sharing insights, exploring solution-oriented frameworks, and identifying actionable partnerships, the Bank underscored the critical role of ethical finance in advancing systemic change.

Through this engagement, the Bank advanced SDG 17 Partnerships for the Goals, reinforcing its commitment to responsible business practices that generate measurable societal impact.

The dialogue strengthened the Bank's leadership in mobilizing resources, fostering collaborative innovation, and embedding sustainability at the core of private sector operations in Nigeria.

e. Powering Nigeria's Next Generation Digital Workforce: Partner Roundtable on Nigeria's Digital Future

Nigeria's demographic dividend presents a transformative opportunity for economic growth, yet millions of young people remain excluded from high-quality digital skills training and employment pathways. Without intervention, these gaps limit innovation, entrepreneurship, and competitiveness in a rapidly digitizing global economy.

On June 19, 2025, the Bank participated in the Partner Roundtable on Nigeria's Digital Future, convened by JobRed under the Power Learn Project Africa in collaboration with Oracle. The session highlighted the 1MillionDevs4Africa initiative, which has already trained over 5,000 Nigerian youths and aims to reach 300,000 more, equipping them with market-relevant technology skills to thrive in Africa's evolving digital economy.

Through this engagement, the Bank advanced SDG 4 Quality Education and SDG 8 Decent Work and Economic Growth by promoting digital inclusion, youth employability, and ethical innovation. The Bank's involvement positions it as a catalyst for sustainable human capital development, bridging access gaps, and co-creating pathways for youth to drive inclusive economic transformation across Nigeria and the continent.

Scaling from Intervention to Systems Change
The 2025 implementation year reaffirmed a defining institutional shift from:

- From awareness to capability building.
- From access provision to empowerment.
- From isolated interventions to integrated systems change.

Going forward, Alternative Bank Limited will continue to:

- Scale high-impact, replicable programmes.
- Deepen research-driven and institutional partnerships.
- Strengthen data-backed impact measurement.
- Expand inclusive finance pathways.
- Embed sustainability within core business strategy.

Our forward-looking commitment remains clear:

To deploy ethical finance as a catalyst for inclusive growth, environmental stewardship, and long-term shared prosperity.

Impact Summary

Through strengthened governance, measurable accountability, partnership-driven scale, and ESG integration, the Bank continues to position Corporate Social Investment not as philanthropy, but as a strategic driver of sustainable development.

Alternative Bank Limited's 2025 experience demonstrates that when capital is deployed with intention, collaboration, and disciplined oversight, it generates not only social progress but durable institutional value.

7. REDEFINING IMPACT INVESTING IN AFRICA

Africa Social Impact Summit 2025 Pre-Event Engagement

Africa faces a significant development financing gap, with many high-potential social and environmental initiatives constrained by limited access to capital. Addressing this requires investment models that intentionally balance financial returns with measurable social and environmental impact, ensuring that funding flows to solutions that drive systemic change. Strengthening the impact investing ecosystem is therefore critical to mobilizing private and institutional capital at scale, supporting sustainable development, and unlocking inclusive economic growth.

Alternative Bank Limited participated in the 2025 Africa Impact Summit pre-event engagements, hosted by the Africa Impact Investing Group, bringing together global investors, policymakers, social entrepreneurs, fund managers, regulators, and innovators. The sessions, anchored on the theme Transforming Systems: Redefining Impact for Real Change in Africa, provided a platform to explore scalable investment models, highlight innovative social enterprises, and showcase solutions addressing pressing societal challenges across the continent. The Nigeria Study Tour component offered international delegates firsthand insights into local impact ventures, catalyzing cross-border collaboration, and knowledge exchange.

Through this engagement, the Bank advanced SDG 17 Partnerships for the Goals, demonstrating its commitment to bridging capital with purpose and fostering sustainable, high-impact investment opportunities. By positioning Nigeria as a hub for responsible investment, the Bank reinforced its role as a forward-thinking financial institution dedicated to driving measurable social and environmental outcomes, while catalyzing partnerships that can accelerate inclusive and equitable development across Africa.

8. CLIMATE-RESILIENT COLD CHAIN SOLUTIONS

Royal Danish Consulate High-Level Dialogue

Climate change continues to intensify post-harvest losses, disrupt medical supply chains, and threaten the stability of food systems and public health in Nigeria. For smallholder farmers, agribusiness operators, and healthcare providers, limited access to temperature-controlled storage and logistics often results in wasted produce, reduced incomes, and compromised delivery of critical medical supplies. Strengthening cold chain infrastructure has therefore emerged as a vital adaptation strategy, enhancing resilience, improving food security, and safeguarding public health.

In August 2025, the Bank participated as a strategic partner in the Royal Danish Consulate High-Level Dialogue on Climate-Resilient Cold Chain Infrastructure. The convening brought together government representatives, development partners, private sector players, and academia to explore scalable innovations, collaborative solutions, and financing pathways for climate-smart cold chain systems. During the dialogue, the Bank showcased tailored financing solutions designed to support the deployment and expansion of resilient cold chain logistics, including temperature-controlled storage, distribution networks, and sustainable energy-powered refrigeration systems. These solutions attracted strong interest from agribusiness operators, healthcare providers, investors, and public sector stakeholders seeking to strengthen supply chains and reduce post-harvest losses.

By facilitating access to climate-smart infrastructure finance and promoting collaborative partnerships across sectors, this engagement advances SDG 13 Climate Action and SDG 9 Industry, Innovation, and Infrastructure. The Bank's involvement underscores its commitment to driving systemic change that reduces food and medical waste, strengthens livelihoods, and enhances community resilience, positioning the Bank as a catalyst for sustainable, climate-adaptive solutions in Nigeria's agricultural and healthcare sectors.

9. RUNNING FOR EDUCATION AND COMMUNITY IMPACT

Access to quality education and digital learning tools remains a pressing challenge in many communities across Nigeria, particularly for underserved youth in public schools. Bridging this gap is critical to equipping young people with the skills, knowledge, and opportunities required to thrive in a rapidly evolving digital and global economy. Community-led philanthropy offers a powerful vehicle to mobilize collective action, generate resources, and foster civic engagement to address these gaps.

In July 2025, the Bank partnered with Run Club Abuja to sponsor participation slots for the Abuja Charity Half Marathon, an annual event that brought together over 700 runners, community members, and corporate partners. The marathon created a platform for promoting healthy living, community cohesion, and social responsibility while directly generating resources for meaningful educational interventions.

Proceeds from the event were directed toward the establishment of a digital library and computer lab at Junior Secondary School, Gwagwa, Abuja, providing students with access to modern learning technologies, digital literacy programs, and educational resources that were previously limited. By supporting this initiative, the Bank advanced SDG 4 Quality Education, promoted equitable learning opportunities, and strengthened youth development pathways. The engagement demonstrated the Bank's commitment to leveraging community-driven partnerships to create lasting social impact, foster inclusion, and empower the next generation with tools to succeed academically and socially.

10. GLOBAL PLATFORMS FOR SUSTAINABLE REAL ESTATE

FIABCI 75th World Real Estate Congress

Rapid urbanization across Africa is placing unprecedented pressure on housing systems, infrastructure, land use, and environmental sustainability. Cities are expanding faster than planning and financing mechanisms can adapt, resulting in housing deficits, rising urban inequality, and climate vulnerability. Addressing these challenges requires global collaboration, innovative financing models, and knowledge exchange that connect local realities with international best practices.

Alternative Bank Limited partnered in the 75th FIABCI World Real Estate Congress, hosted in Lagos from June 9 to 13, 2025, marking the first time in the Congress's history that it was held on African soil. The landmark convening brought together real estate leaders, policymakers, investors, developers, and urban planners from over 60 countries under the theme "A Global Real Estate Renaissance." The platform enabled cross-border dialogue on sustainable urban development, climate-responsive real estate, ethical financing, and inclusive housing solutions relevant to emerging markets.

By actively engaging global stakeholders and showcasing Nigeria's evolving real estate ecosystem, the Bank contributed to advancing sustainable urban development pathways aligned with SDG 11 Sustainable Cities and Communities. The engagement reinforced Nigeria's positioning as a credible destination for responsible real Estate investment while affirming the Bank's role as an ethical finance partner supporting resilient cities, inclusive growth, and long-term economic sustainability.

11. STRENGTHENING FAITH-BASED COMMUNITY PARTNERSHIPS

NASFAT 30th Anniversary and Ramadan Lecture

Faith-based organizations serve as critical platforms for social cohesion, advocacy, and community empowerment, particularly in driving initiatives that promote education, economic participation, and moral leadership. Recognizing their role in shaping resilient and inclusive communities, the Bank partnered with NASFAT to commemorate its 30th Anniversary, a milestone reflecting decades of community service, spiritual leadership, and social development across Nigeria.

The celebrations engaged over 3,000 participants through a series of impactful programs, including educational workshops, advocacy sessions on social and economic empowerment, youth-focused development initiatives, and the Annual Ramadan Lecture. The Bank's on-ground engagement facilitated account openings, issuance of co- branded debit cards, and access to ethical, Shariah- compliant financial solutions, enabling participants to build financial resilience, strengthen economic participation, and leverage formal banking services for personal and community growth.

This partnership advanced SDG 10 Reduced Inequalities and SDG 8 Decent Work and Economic Growth by empowering faith communities with practical tools for financial inclusion, economic empowerment, and capacity building. It underscores the Bank's enduring commitment to trust-based, values-driven collaboration, demonstrating that sustainable social impact is most effectively achieved when financial institutions actively engage and partner with faith-based organizations to strengthen social capital and community development.

12. DRIVING PARTNERSHIPS FOR SCALABLE, SUSTAINABLE IMPACT

Strategic Engagement at the 4th Africa Social Impact Summit 2025

Africa faces unprecedented development challenges. Rising temperatures, extreme weather events, and increasing food insecurity underscore the urgency of scaling solutions that deliver measurable social, economic, and environmental impact. Platforms that convene government leaders, private sector actors, development partners, and innovators are essential to translating bold commitments into tangible outcomes across communities and sectors.

In July 2025, the Bank was a key strategic partner at the 4th Africa Social Impact Summit (ASIS), held at the Eko Convention Centre in Lagos from July 9–11 and jointly convened by Sterling One Foundation and the United Nations. The summit, themed Scaling Action, emphasized the transition from dialogue to implementation of proven, scalable solutions that advance inclusive growth, climate resilience, and sustainable development. Prior to the main summit, our Executive Director, North, Mr. Garba Mohammed, reiterated the Bank's unwavering commitment to impact-driven finance and the Sustainable Development Goals during a high-level pre-event press conference in Abuja.

The Bank's engagement at ASIS provided a strategic platform to showcase innovative, impact-focused financial solutions to high-level stakeholders, engage directly with policymakers and private sector decision- makers, strengthen partnerships aligned with Environmental, Social, and Governance priorities, and position the Bank as a trusted enabler of climate-smart innovation, women and youth empowerment, and inclusive economic growth.

Key summit sessions explored critical development themes including impact investing, de-risking local climate-aligned projects, healthcare transitions from aid dependency to self- sufficiency, sustainable mobility and battery ecosystems, circular economy models, creative industries, Africa's emerging carbon markets, foundational education reform, and women's access to finance and health services. Complementing the plenaries and panels, AltBank's exhibition pavilion attracted significant engagement, enabling direct interaction with prospective partners and stakeholders while demonstrating our suite of ethical financial solutions and commitment to enabling sustainable development at scale.

Through this engagement, the Bank advanced multiple SDGs, including SDG 4 Quality Education, SDG 5 Gender Equality, SDG 8 Decent Work and Economic Growth, SDG 13 Climate Action, and SDG 17 Partnerships for the Goals. The Bank's participation reinforced our role in bridging capital with purpose, facilitating sustainable investments, and supporting locally relevant solutions that empower communities, stimulate inclusive economic growth, and strengthen resilience against climate and development shocks.

By leveraging the Africa Social Impact Summit as a convening platform, the Bank not only strengthened its brand positioning as a sustainability-driven financial institution but also enhanced strategic networks, unlocked business development opportunities in green finance and MSME support and reinforced its commitment to financing solutions that generate tangible, lasting impact across Nigeria and the continent. The summit demonstrated that collaborative, impact-oriented partnerships are critical to unlocking Africa's potential while addressing the continent's most pressing social, economic, and environmental challenges.

ALIGNMENT WITH SDGS, ESG, AND SUSTAINABLE BANKING

a. Sustainable Development Goals Alignment

Alternative Bank Limited's Corporate Social Investment interventions in 2025 were deliberately designed to contribute to the global development agenda while responding to Nigeria's most pressing social, economic, and environmental priorities. Through an integrated and people-centred approach, our programmes advanced multiple Sustainable Development Goals in a manner that reflects both depth of impact and long-term sustainability.

Our education and youth development interventions strengthened SDG 4 Quality Education by expanding access to skills, learning opportunities, and future-ready capabilities. Health, nutrition, and community wellbeing initiatives advanced SDG 3 Good Health and Wellbeing, while targeted support for women and girls directly reinforced SDG 5 Gender Equality and SDG 10 Reduced Inequalities by addressing structural barriers to access, agency, and opportunity.

Investments in agriculture, food systems, and livelihoods contributed to SDG 1 No Poverty and SDG 2 Zero Hunger, strengthening food security, income stability, and resilience at the household and community levels. Support for entrepreneurship, youth employability, and creative economies advanced SDG 8 Decent Work and Economic Growth, promoting inclusive economic participation and dignified livelihoods.

Environmental sustainability initiatives aligned with SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production, and SDG 13 Climate Action, reinforcing responsible resource use, climate awareness, and environmental stewardship. Across all interventions, strong partnerships with government, civil society, faith-based institutions, and community leaders supported SDG 16 Strong Institutions and SDG 17 Partnerships for the Goals, ensuring accountability, trust, and scalable impact.

b. ESG Integration

Environmental, Social, and Governance considerations were fully embedded into the design and delivery of the Bank's CSI strategy in 2025. Environmental outcomes were achieved through climate action initiatives, environmental education, waste reduction advocacy, and support for sustainable practices that protect ecosystems and community health.

Social outcomes formed the core of CSI delivery. Investments in education, healthcare, gender inclusion, agriculture, livelihoods, and financial access strengthened human capital, reduced vulnerability, and expanded opportunity for underserved populations. These interventions were designed to uphold dignity, promote inclusion, and enable long-term self-reliance rather than short-term relief.

Governance outcomes were reinforced through ethical finance principles, responsible partnerships, transparent programme delivery, and strong institutional collaboration. Clear accountability structures, stakeholder engagement, and impact measurement frameworks ensured that resources were deployed responsibly, and outcomes were credible, measurable, and aligned with the Bank's values.

c. Sustainable Banking Alignment

The Bank's CSI strategy in 2025 reinforced its commitment to sustainable banking by demonstrating how ethical finance can be a driver of inclusive growth and long-term value creation. By integrating ESG principles into CSI operations, the Bank aligned social impact with financial resilience, institutional credibility, and stakeholder trust.

Through inclusive access to finance, support for economic participation, and partnerships that strengthen systems rather than substitute them, CSI became an extension of the Bank's sustainability banking philosophy. This approach ensures that social investment supports not only community development, but also market stability, risk management, and sustainable economic ecosystems.

Conclusion

As we reflect on the year 2025 CSI, one truth stands clear. Sustainable impact is built through consistency of purpose, compassion in action, and the courage to act where it matters most. The Bank enters 2026 with renewed confidence, deeper partnerships, and a stronger foundation for scale and replication.

Our commitment is to continue moving from intervention to transformation, from access to empowerment, and from impact measurement to lasting systems change. We remain steadfast in our promise to communities, partners, and stakeholders to invest responsibly, champion inclusion and sustainability, and deploy finance as a force for good.

Looking ahead, we are confident that the future we help finance will be one where people thrive, environments are protected, institutions are strengthened, and prosperity is shared. Guided by values and driven by impact, the Bank stands ready to deepen its contribution to national development and global sustainability in 2026 and beyond.

SUSTAINABILITY GOVERNANCE DIMENSION

At Alternative Bank Limited (the Bank), we are driven by a conviction that banking should be a force for good. Our philosophy is anchored in Ethical Stewardship, a principle that goes beyond mere financial transactions to foster genuine partnership and shared prosperity. We have set out to redefine the banking experience, designing financial solutions that are not only tailored to our customers' unique needs but are intrinsically aligned with the values of sustainability, fairness, and transparency.

Our journey, which began in January 2014 as a provisional non-interest banking window, has been defined by a bold vision to challenge the status quo. From day one, we focused on creating a dynamic, customer-centric institution that respects individuality and speaks the language of the communities we serve. This evolution reached a definitive milestone in July 2023, when the Central Bank of Nigeria (CBN) granted us a full Banking License. Emerging as a standalone institution has empowered us to scale our impact, transforming us from a participant in the sector to a leader in Ethical and Impact Finance.

Central to our governance structure and a key differentiator in our sustainability approach is the Advisory Committee of Experts (ACE). While the Board of Directors retains ultimate oversight of commercial strategy, the ACE serves as our independent ethical guardian, such that the committee ensures that every product, investment, and strategic decision aligns strictly with the principles of Non-Interest Banking (NIB). From a Sustainability context, the ACE acts as a sustainability "Filter," that proactively screens out investments in harmful sectors and ensures that capital is deployed only into activities that generate productive economic value without compromising social or environmental integrity.

OUR APPROACH TO OPERATIONAL RISK MANAGEMENT

In an increasingly digital, interconnected, and highly regulated operating environment, effective Digital and Operational Risk Management remains critical to the Bank's resilience, sustainability, and long-term value creation. The Bank's Digital and Operational Risk Management (DORM) Unit plays a central role in safeguarding assets, ensuring service continuity, protecting customer trust, and supporting the achievement of strategic objectives.

The unit provides a structured and forward-looking approach to identifying, assessing, monitoring, and mitigating risks arising from people, processes, systems, products, technology, and external events. By embedding strong risk governance practices across the Bank, the function supports informed decision-making, enhances operational efficiency, and ensures alignment with regulatory requirements and global best practices.

Key Measures and Practices

To ensure robust risk oversight, early risk detection, and effective control implementation, the Bank has instituted the following measures:

Key Risk Indicator (KRI) Reporting:

Regular monitoring and reporting of KRIs are conducted to provide early warning signals of emerging risks and potential control weaknesses. This enables timely management action and reduces the likelihood of operational losses or service disruptions.

Maintenance of Risk Register:

The Digital and Operational Risk Management (DORM) team maintains a comprehensive operational risk register that documents identified risks, assesses their impact and likelihood, and tracks the implementation status of mitigating actions. This ensures transparency, accountability, and continuous monitoring of risk treatment plans across all business units.

Quarterly Risk and Control Self-Assessment (RCSA):

Quarterly RCSA exercises are conducted to identify inherent risks, evaluate the effectiveness of existing controls, and highlight control gaps and improvement opportunities. Outcomes from these assessments inform targeted remediation actions and continuous strengthening of the control environment.

Routine Product and Solution Reviews:

DORM conducts routine risk reviews of products, services, and digital solutions to identify operational, technology, customer, and regulatory risks across the product lifecycle. These reviews ensure that new and existing offerings are supported by adequate controls, comply with applicable regulations, and remain aligned with the Bank's risk appetite and customer protection principles.

Risk Champion Framework:

Risk Champions are nominated across Strategic Business Units (SBUs) to promote risk ownership at the first line of defense. This framework enhances risk awareness, improves risk reporting quality, and supports timely escalation and resolution of risk issues.

Capacity Building and Training:

Quarterly training sessions are organized for Risk Champions to strengthen risk management capabilities, improve understanding of emerging operational and digital risks, and reinforce a strong risk culture across the organization.

Operational Risk Management Committee (ORMC):

The Bank's Operational Risk Management Committee comprises leaders of key business units who review material risks, assess emerging risk trends, and agree on practical and sustainable mitigation strategies. The Committee provides a platform for consistent application of risk management practices across the Bank and supports enterprise-wide risk alignment.

Commitment to Global Best Practice

The Bank's Digital and Operational Risk Management framework is aligned with best practice and regulatory guidelines, including the Basel framework, and recognized operational risk management principles.

Continuous process improvement, effective stakeholder engagement, and ongoing capacity development remain core priorities, ensuring the Bank remains resilient in the face of evolving operational and digital risks.

Through these measures, the Bank continues to strengthen its control environment, protect stakeholder interests, and reinforce confidence among customers, regulators, investors, and the wider public.

CORPORATE INTEGRITY AND ANTI-CORRUPTION STATEMENT

Alternative Bank Limited 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), Independent Corrupt Practices and Other Related Offences (ICPC), Act (2000), Companies and Allied Matters Act (CAMA) 2020, 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.

These policies remained in force throughout FY 2025. Violations 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

Alternative Bank Limited has an approved Enterprise Risk Framework, AML/CFT/CPF, Anti-Bribery and Corruption policies which ensure strong leadership oversight and accountability. The framework includes:

- **Board Oversight:** The Board of Directors, through the Board Audit & Risk Management Committees, provides oversight on integrity, risks and ethical governance.
- **Risk-Based Approach:** Risk assessments are conducted at least annually and, on an ad hoc basis, with particular focus on high-risk areas such as staff recruitment, improvement on our digital platforms, procurement, third-party engagements, customer onboarding, and relationships involving 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 approved Whistleblowing and Fraud Management Policies, as well as an Internal Audit Charter, which are implemented to detect and mitigate corruption risks. This is implemented through a series of systems, 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:** Under the Conduct and Compliance Group, the Bank has functional continuous transaction monitoring tools that align with its Anti-Money Laundering (AML) Policy to detect suspicious financial transactions, ensuring full compliance with CBN AML/CFT regulations

4. Employee Training and Awareness

Alternative Bank Limited has approved AML/CFT/CPF and Anti-Bribery and Corruption policies which ensure promotion of a strong culture of integrity through continuous training and awareness programmes. These programmes are executed in the form of:

- **Annual Mandatory Training:** All employees, including senior management, undergo annual anti-corruption and AML/CFT/CPF training, covering Nigerian laws and international best practices.
- **Role-Specific Training:** High-risk roles such as procurement, finance, treasury, and relationship management receive specialised 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.

These programmes were maintained throughout FY 2025 to reinforce ethical behaviour and compliance expectations.

5. Incidents and Reporting

Alternative Bank Limited has an approved Whistleblowing Policy, Reporting Channels (Internal & External), Operational Risk Management Portal and Incident Report Template as well as the Freshdesk portal for tracking complaints from various business touch points.

This ensures the Bank maintains a transparent and proactive approach to addressing corruption risks:

- No confirmed incidents of corruption were recorded within the Bank's internal operations during the FY 2025 reporting period.
- Strengthened due diligence measures were implemented to address identified risks in high-risk transactions.

All reports are investigated confidentially, and whistleblowers are fully protected against retaliation.

Advancing Sustainability through Audit & Compliance

The Bank's Audit & Compliance functions play 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 the Bank to identify environmental and social risks, facilitating the development of effective management strategies.
- Monitoring evolving sustainability regulations and conducting regular compliance checks helps avoid penalties and protect the Bank's reputation.

Alternative Bank Limited remains committed to upholding the highest standards of corporate integrity, complying with applicable anti-corruption laws and regulations, 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 corporate culture is defined by a high standard of accountability. We view governance not merely as adherence to regulatory baselines, but as a religious and moral duty to uphold the principles of Ethical Stewardship (Khilafah).

To ensure our operations reflect these values, we have established a rigorous Code of Professional Conduct and Ethics. This Code serves as the operational compass for every Director and Employee, ensuring that our pursuit of profit remains strictly within the boundaries of integrity, fairness, and Shari'ah compliance.

To operationalise this culture and mitigate conduct risk, the Bank maintains specific, standalone governance instruments that guide daily decision-making. These policies are mandatory, with non-compliance attracting strict disciplinary measures to preserve the sanctity of our ethical charter.

Code of Professional Conduct

This comprehensive framework applies to every employee and director, mandating that all business is conducted with absolute honesty and transparency. To ensure competence and awareness, every employee must formally attest to their understanding of this Code annually. This ensures our workforce is fully aligned with our foundational values of Empathy, Execution, and Excellence.

Credit Discipline & Ethical Investments

Unlike conventional credit frameworks, our credit discipline is guided by a dual lens of financial viability and ethical compatibility. Our policy strictly prohibits financing activities that are harmful to society or the environment. This 'negative screening' is innate to our non-interest banking model, ensuring that our facility book is naturally aligned with the 'Do No Significant Harm' principle of global sustainability standards.

Anti-Corruption and Gift Policy

To protect the integrity of our judgment, we enforce a zero-tolerance policy regarding bribery and corruption. Our Gift Policy sets clear red lines against soliciting or accepting unauthorised gratuities, ensuring that all engagements with vendors, government officials, and partners are free from conflicts of interest and reflect the highest professional standards.

Whistleblowing & Grievance Redress

We foster a culture of psychological safety where silence is not an option in the face of misconduct. Our dedicated Whistleblowing Channel allows employees, customers, and third parties to report unethical activities confidentially and without fear of retaliation. This mechanism is a critical governance control, allowing the Board to detect and resolve risks early.

Financial Integrity (AML/KYC)

As a custodian of public funds, we adhere strictly to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations. Our vigilance in verifying customer identities (KYC) and monitoring transactions ensure that our platform is never used to facilitate illicit financial flows, thereby preserving the stability and reputation of the financial system.

Data Privacy & Confidentiality

Recognising that trust is our most valuable asset, we enforce strict protocols on the use of Bank assets and information. Confidential customer data and intellectual property are safeguarded against unauthorised disclosure, aligning with the Nigeria Data Protection Act and global best practices for information security.

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 The Bank 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., benchmark return rates, foreign exchange rates, equity prices). This policy covers:

- **Identification and Measurement:** Utilises standardised 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. The Bank does not use

conventional derivatives. Any risk mitigation uses Shariah-compliant structures approved by ACE. (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 minimise 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 minimise the risk of loss resulting from inadequate or failed processes, systems, or human errors. This policy includes:

- **Process Controls and Audits:** Mandates standardised 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 analysed 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):**

Beyond regulatory compliance, our partnership with the CBN is aimed at deepening Financial Inclusion and maintaining Financial System Stability. We also actively participate in the CBN's Non-Interest Financial Institutions (NIFI) forums, contributing to policy formulation that supports the growth of ethical banking

2. **Nigeria Deposit Insurance Corporation (NDIC):**

To foster trust in the non-interest banking sector, we work closely with the NDIC to implement the Non-Interest Deposit Insurance Scheme (NIDIS). This partnership involves the deployment of specialised 'AltBox' agency banking kiosks at NASFAT locations, bringing banking services directly to the community.

3. **NASRUL-LAHI-L-FATIH SOCIETY (NASFAT):**

Strategic alliance to drive financial literacy and economic empowerment among over one million NASFAT members.

4. **Global Entrepreneurship City Limited**:

In demonstrating our commitment to environmental restoration and food security, we partnered with Global Entrepreneurship City Limited to launch the Agricultural Community Support Programme (ACSP) in Ogoniland. This initiative is aimed at rehabilitating local farmers in a region historically impacted by environmental degradation by funding the cultivation of cassava and providing modern processing facilities.

5. **International Workspace Group (IWG):**

Recognising that the future of work is flexible and low-carbon, we collaborated with IWG (global owners of the Regus and HQ brands) to launch 'hybrid' banking and workspace hubs. This innovative model, piloted at our Lekki location, embeds world-class office infrastructure directly within the Bank's premises. It also provides SMEs and startups with access to shared resources, thereby enabling us to reduce the carbon footprint associated with commuting and lower the barrier to corporate entry for small businesses, fostering a sustainable entrepreneurial ecosystem.

6. **Small Foundation:**

To address the critical funding gap in the rural economy, we have partnered with the Small Foundation (Ireland) to design innovative financing models for rural Agri-SMEs. This collaboration focuses on deploying 'catalytic capital,' meaning funds designed to accept higher initial risks to unlock larger social impacts. Together, we are piloting new Murabaha (cost-plus financing) structures that allow smallholder farmers and rural aggregators to access working capital without the burden of interest, directly contributing to SDG 2 (Zero Hunger) and enhancing agricultural value chains.

7. **Advisory Committee of Experts (ACE):**

The ACE is our primary internal governance partner, comprising renowned scholars in Islamic jurisprudence. The independent body works together with our Board Risk Management Committee to ensure every financing product and investment meet the highest global standards of ethical finance.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

For Alternative Bank Limited, our mission extends beyond providing financial services; we are dedicated to delivering ethical solutions that enhance value for every member of our ecosystem. We recognize that our operations have a tangible impact on our stakeholders, just as their insights are critical in shaping our ability to identify sustainability-related risks and achieve our strategic goals. Consequently, we view stakeholder engagement not as a compliance exercise, but as a strategic asset that informs our decision-making and strengthens our institutional resilience.

The Bank actively engages with its diverse stakeholder groups to understand their evolving expectations. We consistently integrate this feedback into our governance and business strategies, ensuring that our growth is inclusive and aligned with the real-world needs of our community. Committed to enriching lives, we create measurable value through both formal and informal interactions, continuously gauging perspectives to refine our approach to ethical banking.

Our engagement framework encompasses a broad spectrum of part:

- **Internal Stakeholders:**

Employees, shareholders, and investors who drive our vision.

- **External Stakeholders:**

Customers, suppliers, host communities, regulators, media organisations, government agencies, and non-governmental organisations who validate our license to operate.

The table below outlines our engagement with various stakeholder groups:

Stakeholders	Reasons for Engagement	Channels of Engagement
Customers	1. To understand their financial services needs and offer innovative solutions. 2. 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 Complaint Unit • Customer surveys
Employees	1. To ensure a safe, conducive work environment that supports continuous development and work-life balance. 2. To align employees with the Bank's vision, mission, and strategic goals.	• Employee engagement surveys • Recognition and awards programmes • Regular meetings • Yammer (staff social media) • 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.	General Meetings.
Board of Directors	To provide update on the Bank's overall risk profile and performance relative to approved strategy, risk appetite, and key business objectives.	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**

Introduction

The Board of Alternative Bank Limited ("the Bank or the Company") is pleased to present its Corporate Governance Report for the Financial Year 2025. 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 regularly reviewed to align with changes in the industry and extant regulations.

The Board

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

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

S/N	Name	Designation	Date of Appoint-ment	Cumulative years of service
1	Mr. Muhtar Bakare	Chairman	26th June 2023	2 years, 6 months
2	Hajiya Umma Dutse	Independent Director	26th June 2023	2 years, 6 months
3	Mr. Yemi Odubiyi	Non-Executive Director	26th June 2023	2 years, 6 months
4	Mrs. Morenikeji Folawiyo	Non-Executive Director	26th June 2023	2 years, 6 months
5	Mr. Emmanuel Onasanya	Non-Executive Director	26th June 2023	2 years, 6 months
6	Mrs. Temitayo Adegoke	Non-Executive Director	16th January 2024	1 year, 11 months
7	Mr. Abdulmumin Ali	Independent Director	24th September 2024	1 year, 3 months
8	Mr. Henry Nduka Onyiah	Independent Director	4th July 2025	5 months
9	Mr. Hassan Yusuf	Managing Director / CEO	26th June 2023	2 years, 6 months
10	Mr. Garba Mohammed	Executive Director	26th June 2023	2 years, 6 months
11	Mrs. Korede Demola-Adeniyi	Executive Director	8th February 2024	1 year, 10 months

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 2023, 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 accordance with the provisions of the Companies and Allied Matters Act, 2020, 2 (two) Directors of the Bank retired from office by rotation at the 2nd Annual General Meeting of the Company. One (1) Independent Non-Executive Director was appointed since the last Annual General meeting, Mr. Abdulmumin Ali, was offered for election and his appointment was duly ratified by the shareholders. The retiring Directors, being eligible, offered themselves for re-election and were also duly re-appointed by the Shareholders.

During the 2025 Financial Year, 1 (one) Independent Non-executive Director, Mr. Henry Nduka Onyiah, was appointed to the Board effective 4th July 2025.

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	4	4
2	Hajiya Umma Dutse	Independent Director	4	4
3	Mr. Yemi Odubiyi	Non-Executive Director	4	4
4	Mrs. Morenikeji Folawiyo	Non-Executive Director	4	4
5	Mr. Emmanuel Onasanya	Non-Executive Director	4	4
6	Mrs. Temitayo Adegoke	Non-Executive Director	4	4
7	Mr. Abdulmumin Ali	Independent Director	4	4
8	Mr. Henry Nduka Onyiah*	Independent Director	2	2
9	Mr. Hassan Yusuf	Managing Director / CEO	4	4
10	Mr. Garba Mohammed	Executive Director	4	4
11	Mrs. Korede Demola-Adeniyi	Executive Director	4	4

*Appointed effective 4 July 2025.

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.

As of year-end 2025, the male-to-female ratio across the Bank's total workforce stood at 61:39, while the ratio within executive management was 68:32. At the Board level, the male-to-female ratio stood at 7:4, 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 maximise 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 is comprehensive for proper deliberation and decision-making;
- Ensure investment strategies, policies and guidelines comply 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	2	3
3	Mrs. Temitayo Adegoke	Member	4	4
4	Hajiya Umma Dutse	Member	4	4
5	Mr. Yemi Odubiyi	Member	4	4
6	Mr. Abdulmumin Ali	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

*Exited the Committee on 11th August 2025.

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	3	3
4	Mr. Emmanuel Onasanya	Member	4	4
5	Mr. Henry Nduka Onyiah**	Member	1	1
6	Mr. Yemi Odubiyi	Member	4	4
7	Mr. Hassan Yusuf	Member	4	4
8	Mr. Garba Mohammed	Member	3	4
9	Mrs. Korede Demola-Adeniyi	Member	4	4

* Exited the Committee effective 11th August 2025.

** Appointed to the Committee effective 11th August 2025.

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 the 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 minimise operational risks and optimise 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 management control letter

presented by the external auditors and ensure the adequacy of Management's response;

- Review with the Chief Finance 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 Finance 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 Corporate Governance Guidelines for Commercial, Non-Interest and Payment Service Banks 2023 and Nigerian Code of Corporate Governance 2018;
- 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	Mr. Abdulmumin Ali	Chairperson	4	4
2	Mrs. Temitayo Adegoke	Member	4	4
3	Mr. Emmanuel Onasanya	Member	4	4
4	Mr. Yemi Odubiyi	Member	4	4
5	Hajiya Umma Dutse	Member	4	4
6	Mrs. Morenikeji Folawiyo*	Member	1	1
7	Mr. Henry Nduka Onyiah**	Member	1	1

* Appointed to the Committee effective 11th August 2025.
**Appointed to the Committee effective 11th August 2025.

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 non-performing 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 other members of staff;
- 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	5	5
2	Mr. Emmanuel Onasanya*	Member	4	4
3	Mrs. Morenikeji Folawiyo	Member	4	5
4	Mr. Yemi Odubiyi	Member	4	5
5	Mrs. Temitayo Adegoke	Member	5	5
6	Mr. Abdulmumin Ali	Member	5	5
7	Mr. Henry Nduka Onyiah**	Member	1	1

*Exited the Committee on 11th August 2025.
**Appointed to the Committee on 11th August 2025.

Dates of Board and Board Committee meetings held in the 2025 financial year:

Meetings	Dates				
Board	24 February 2025	13 May 2025	11 August 2025	21 November 2025	
Board Finance and Investment Committee	5 February 2025	16 April 2025	21 July 2025	21 October 2025	
Board Audit Committee	18 February 2025	22 April 2025	29 July 2025	29 October 2025	
Board Risk Management Committee	15 January 2025	8 April 2025	10 July 2025	13 October 2025	
Board Governance, Nomination and Remuneration Committee	14 January 2025	19 February 2025	7 April 2025	9 July 2025	9 October 2025

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 2025 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, an induction programme was conducted on 4th August 2025 for Mr. Henry Nduka Onyiah, the newly appointed Independent Director.

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 engaged Ernst & Young, an independent consultant, to conduct the annual appraisal of the Board and its Directors. This appraisal evaluated the Board composition and structure, Directors' qualifications, effectiveness of the Board, and corporate governance practices, identified areas for improvement and ensured alignment with global best practices. As of 31 December 2025, the cumulative duration of professional engagement of the consultants in respect of the Board evaluation assignment stood at two years and one month.

The Board Evaluation Report is contained on Page 104 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 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 2025, the cumulative duration of Deloitte and Touche's engagement stood at two years and five months.

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 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.

The Company Secretary also assist 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 a good flow of information within the Board and its Committees, and between Management and Non-Executive Directors. The Company Secretary facilitates the orientation of new Directors and coordinate 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, ACE is responsible for reviewing and ensuring that all Islamic banking products, services and operations at Alternative Bank Limited strictly adhere to Shariah principles.

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 Organisation for Islamic Financial Institutions (AAOIFI). This ensures that the Bank's practices align with globally recognised 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-line-of-defence mechanism.

To achieve this, the Bank has established two dedicated departments: the Internal Shariah Compliance Department and the Internal Shariah Audit Department, ensuring three lines of defence. Both departments consult closely with and report indirectly to 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 evaluation of all financing requests before disbursement is carried out to mitigate Shariah Non-Compliance Risks (SNCR).

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 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 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 ACE and the number of meetings attended by each member

The composition of ACE is as follows:

S/N	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:

S/N	Date of Meeting	Present	Absent
1	24th February 2025	3	None
2	14th May 2025	3	None
3	18th September 2025	3	None
4	15th December 2025	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:** 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 scrutinised to confirm compliance with Islamic commercial jurisprudence.
3. **Assessing Internal Shariah Audit Reports:** 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, 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.

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. **Executive Committee (EXCO)**

   The Committee is the highest internal executive decision-making body. The Committee provides leadership to the Bank and ensures the implementation of the Bank's strategies and long-term goals approved by the Board.

2. **Management Committee (ManCo)**

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

3. **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.

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

   The Committee approves new investment and finance products and initiatives, the Bank's internal benchmark profit rate and reviews the Finance and Investment Policy Guide. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

5. **Criticised 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 facilities.

6. **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 with the Bank's overall organisational 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 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 Chief Human Resource Officer (CHRO), 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:

1. Where an Executive Director was involved in any misdemeanour;
2. In the event of fraud or material wrongdoing

which would have entitled the Board to terminate the Executive Director's employment;

3. If an Executive Director participated in or was responsible for conduct which resulted in significant losses to the Company, and
4. If there was a material error in assessing the performance of the Executive Director against the relevant performance conditions at the time that the bonus was paid.

The clawback provision applies to any incentive-based compensation, bonuses, profit sharing, or performance-based rewards paid, awarded, received, or earned within a period and for up to two years thereafter.

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

Whistleblowing Process

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

Whistleblowing 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 member of the Bank has a responsibility to protect the Bank from any persons or acts that might jeopardise its reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistle-blower's identity and rights. It should be noted that the whistleblowing process aims 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 KPMG. The channels are accessible via the Bank's website, telephone hotlines and e-mail addresses in compliance with Section 17 of the Central Bank of Nigeria (CBN) Code of Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria 2023.

The Bank's Compliance Division is responsible for monitoring and reporting on whistleblowing. Further disclosures are stated in Note 47 to the consolidated and separate financial statements.

Complaints Management Policy

The Bank has put in place a Complaints Management Policy guiding the resolution of disputes with stakeholders.

Insider Trading Policy

The Bank maintains an Insider Trading Policy that guides Directors, staff and all individuals categorised as insiders as to their dealings in the shares of the Bank and the Holding Company (Sterling Financial Holdings Company Plc). The Policy undergoes periodic reviews by the Board and is updated accordingly. The Bank has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy during the period.

Human Resource Policy

The highlights of the Human Resource Policy of the Company are contained in the Directors' Report on page 97 of this Annual Report.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Company Registration No:	1909410	
BOARD OF DIRECTORS:		
	Mr. Muhtar Bakare	Chairman
	Hajiya Umma Dutse	Independent Director
	Mrs. Morenikeji Folawiyo	Non Executive Director
	Mr. Yemi Odubiyi	Non Executive Director
	Mr. Emmanuel Onasanya	Non Executive Director
	Mrs. Temitayo Adegoke	Non Executive Director
	Mr. Abdulmumin Ali	Independent Director
	Mr Henry Nduka Onyiah*	Independent Director
	Mr Hassan Yusuf	Managing Director
	Mr. Garba Mohammed	Executive Director
	Mrs. Korede Demola-Adeniyi	Executive Director
	Olutomi Ojo	Company Secretary
*Appointed effective 4 July 2025		
REGISTERED OFFICE:	22, Marina Lagos	
COMPANY SECRETARY:	Olutomi Ojo 22, Marina Lagos	
INDEPENDENT AUDITOR:	Deloitte & Touche Civic Towers Ozumba Mbadiwe Avenue Victoria Island Lagos	
CONSULTANT:	Ernst and Young UBA House, 10th Floor 57 Marina, Lagos	

DIRECTORS' PROFILE

Muhtar Bakare

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 also sits on the Boards of Descasio Ltd, Greensprings Educational Services Ltd, Koidi Radio Limited, Bloom Bank Africa Liberia Limited, Noor Health Limited, Green Stone Investment Company Limited, Beyond Energy Resources, and Rainbow Educational Services Limited.

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.

Umma Aminu Dutse

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 a Director in the Consumer Protection Department, CBN, 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 alumna of the prestigious Bayero University Kano, from 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.

Emmanuel Onasanya

Mr. Emmanuel Onasanya is an experienced finance executive with robust experience in budget planning, management accounting, and fiscal policy, garnered over 30 years in the Oil & Gas and Banking industries.

He is currently the Chairman of Magnet Microfinance Bank Ltd and sits on the Boards of Sosa Microfinance Bank Limited and El-Clem Global Services Limited as a Director. 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).

Morenikeji Folawiyo

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 the 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.

Yemi Odubiyi

Non-Executive Director

Mr. Yemi Odubiyi currently serves in the role of Group Chief Executive Officer of Sterling Financial Holdings Company Plc. Over the years, he's played a central role as a key member of the management team of Sterling Bank Plc [as it then was] from its founding in 2006, having originally joined through its legacy component, Trust Bank of Africa, back in 2003.

Over that period, he's led teams across Operations, Technology, Strategy, Sales, Structured Finance, Corporate and Investment Banking, as well as Compliance and Risk Assurance.

Yemi has led the restructuring of the business of the banking group at various times in its evolution, serving as the transaction manager for its acquisition of Equitorial Trust Bank in 2011, its restructuring from a universal banking license to a national bank in the same year, and selling the businesses of all its operating subsidiaries at the time, at a substantial profit. In 2012, he moved into the role of Chief Operating Officer, serving in that capacity until June 2018. He was appointed to the Board of Directors of Sterling Bank Plc in December 2014.

In June 2018, he was mandated to lead Sterling Bank's largest business unit by revenue, the Corporate and Investment Banking division, while simultaneously overseeing critical digital transformation initiatives. He served in both roles until June 2023, when, upon completion of the restructuring of the banking group and final licensing of its operation as a financial holding company, he was appointed as Group Chief Executive Officer/Group Managing Director of Sterling Financial Holdings Company Plc.

Prior to joining Trust Bank of Africa Limited in 2003, Yemi started his banking career at Citibank Nigeria Limited in 1995, serving in multiple business units before his departure from the company.

He holds his first and graduate degrees from the University of Lagos, Nigeria. He is also a Director on the Boards of Seven Degrees North Limited, SterlingFi Wealth Management Ltd, and Terra Nova Limited. He is also a Trustee of the Adeline Foundation.

Temitayo Adegoke

Non-Executive Director

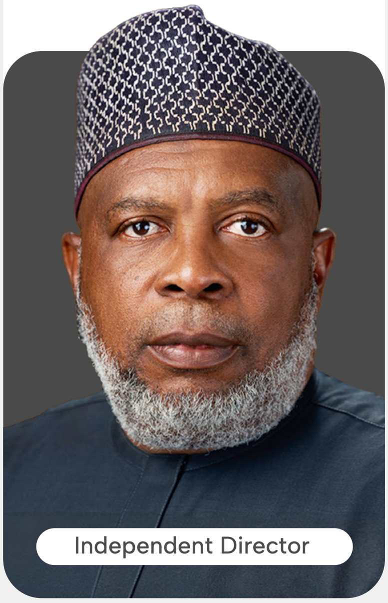
Mrs. Temitayo Adegoke is the Chief Operating Officer(COO) at Sterling Bank Ltd, with responsibility for shaping strategy and driving operational excellence.

She possesses over 20 years of experience in banking and commercial law practice. In her current role, she oversees the Operations, Processing Units, Facility Management, 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 alumna of Sa'id Business School, University of Oxford. She is a member of the Chartered Institute of Bankers of Nigeria (CIB), a member of the International Bar Association, and the Chartered Institute of Arbitrators UK (Nigeria Branch).

Abdulmumin Ali



Independent 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 specialising 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 the International Islamic Finance Conference, Al Huda, Abu Dhabi.

Mr. Ali is also a Director on the Boards of Teemah and Partners and Shaduf Waterfields Limited.

Henry Nduka Onyiah

Mr. Henry Nduka Onyiah is a seasoned Information Security Governance and Risk Management leader with extensive experience across financial services, government initiatives, corporate operations and critical infrastructure. He is recognised for shaping enterprise-wide information security governance and risk strategies, driving regulatory compliance and facilitating cyber resilience programmes across the Europe, the Middle East and Africa (EMEA) region.

His expertise spans information risk governance, secure digital transformation, operational resilience and the alignment of information security strategy with organisational objectives. Henry has held strategic roles at Santander Bank, Swiss Post Solutions and government-funded initiatives focused on enhancing municipal cyber resilience, amongst others.

He holds advanced professional credentials, including Fellow of Information Privacy and Professional Membership of the British Computer Society (BCS, The Chartered Institute for IT) and is currently engaged in an advanced research programme focused on the quantitative governance of cyber and operational technology risk.

A committed global citizen and advocate for Africa's digital and institutional renewal, Henry integrates global best practices with a deep belief in the African Renaissance.

Hassan Yusuf

Mr. Hassan Yusuf is a professional banker. He has held high-level positions in several companies, including being Chief Executive Officer (CEO) at Dahabshil Bank International, HAY Consultancy, and 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, the 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 Shariah risk.

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

Garba Mohammed

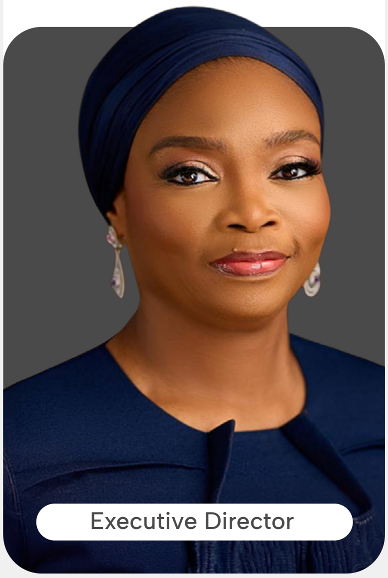
Mr. Garba Mohammed is a result-driven management professional with 22 years of experience in sales, relationship management, and credit analysis within diverse banking sectors.

He is currently an Executive Director at Alternative Bank Limited. Prior to this appointment, he was the Group Head, Non-Interest Banking at Sterling Bank, where he developed the NIB window's sales vision, recommended strategies for streamlined operational efficiencies, and directed product development efforts.

Mr. Mohammed has experience in business development, process improvement strategy, risk management, and customer experience. He held several high-level positions at First City Monument Bank, including Zonal Business Head for North Central, Branch Manager, and Acting Zonal Head.

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).

Korede Demola-Adeniyi



Mrs. Korede Demola-Adeniyi is an award-winning banking executive renowned for leading global Boards of Directors to significant revenue growth and improved business partnerships.

She holds a B.Sc. in Economics from the University of Benin, Edo State, Nigeria, and an M.Sc. in Economics from the University of Lagos, Nigeria. Her professional certifications include Leadership and Diversity for Innovation (Women's World Banking/Wharton), Women's Leadership Programme (Yale School of Management), Setting New Professional Directions (Harvard Business School), Senior Management Programme (Lagos Business School), and Treasury Dealership Certificate (Money Market Association of Nigeria).

Korede has an extensive background with over 33 years of experience in the banking sector. Before joining Alternative Bank Limited as an Executive Director, she spent two decades at Ecobank, where she held key leadership roles, culminating in her appointment as Head of Consumer Banking for the final four years of her tenure. Renowned for her strategic acumen and dynamic approach.

Korede's diverse experience across Africa has equipped her with a unique perspective and a firm commitment to urgency and excellent execution. Her leadership has consistently driven transformative outcomes, earning her recognition for fostering innovative solutions, and building strong business partnerships.

Report Of The Directors

For the year ended 31 December 2025

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting to the members of Alternative Bank Limited ("the Bank") their report together with the audited financial statements and the report of the Independent Auditors for the period ended 31 December 2025. Also, the report of the Shariah governance body, Advisory Committee of Experts (ACE) is presented on areas of Shariah functions and requirements.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

Alternative Bank Limited (the "Bank") is a non-interest financial institution in Nigeria. Bank was granted a national banking license to carry on the business of non-interest banking and commenced operation in July 2023. It is established as a private limited liability company. Prior to its incorporation as a standalone entity, it operated as a business segment (Window) in the legacy Sterling Bank Plc. Alternative Bank Limited was incorporated on 23rd March, 2022 as a limited liability company with incorporation RC No.1909410. It obtained approval to commence operations from the Central Bank of Nigeria (CBN) on 26 June, 2023 and consequently, commenced ethical banking operations in July, 2023. The Bank also received its license from CBN 7 March 2025. Alternative Bank Limited 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.

The Bank's Head office address is No 239/241 Ikorodu Road, Ilupeju, Lagos. The Bank's Financial performance as of 31 December 2025 represents the Bank's operations from 1 January 2025 to 31 December 2025.

OPERATING RESULTS

Highlights of the Bank's operating results for the year ended 31 December 2025 are as follows:

In thousands of Naira	**31 Dec 2025**	**31 Dec 2024**
Gross earnings	61,847,707	35,760,095
Profit before income tax	13,552,928	10,431,715
Income tax expense	(395,250)	(346,178)
Profit after income tax	13,157,678	10,078,088
Profit attributable to equity holders	13,157,678	10,078,088
Total non-performing facilities as % of gross facilities (IFRS)	4.26%	4.14%
Non-performing facilities as % of gross facilities arising from Prudential examination stood at 7.22% as at 31 December 2025		
Earnings per share (Naira) – Basic	37.24	30.23

Dividend

In accordance with the provisions of Section 426 of the Companies and Allied Matters Act 2020, the Directors have proposed a dividend of N11.17 per share representing N3.95 billlion (31 December 2024: N4.4 billion). The dividend was approved by Central Bank of Nigeria along with the FY2025 Audited Financial Statements and would be paid subsequently subject to withholding tax at an appropriate rate.

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
Hajiya Umma Dutse	Independent 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
Mr Henry Nduka Onyiah	Independent Non-Executive Director	Appointed 4 July 2025
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

REPORT OF THE DIRECTORS - Continued

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 Dec 2025	31 Dec 2025
	Names	**Direct**	**Indirect**
1	Mr. Muhtar Bakare	NIL	NIL
2	Mrs. Morenikeji Folawiyo	NIL	NIL
3	Mr. Yemi Odubiyi	NIL	NIL
4	Mr Henry Nduka Onyiah	NIL	NIL
5	Mr. Emmanuel Onasanya	NIL	NIL
6	Mrs. Temitayo Adegoke	NIL	NIL
7	Mr. Abdulmumin Ali	NIL	NIL
8	Hajiya Umma Dutse	NIL	NIL
9	Mr. Hassan Yusuf	NIL	NIL
10	Mr. Garba Mohammed	NIL	NIL
11	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 extent to 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 its 99.9% shareholding held by Sterling Financial Holdings Company Plc (SFHC), a financial institution incorporated under the laws of the Federal Republic of Nigeria.

REPORT OF THE DIRECTORS - Continued

Donations and Charitable Gifts

The bank donated a total sum of N97.26 million during the year ended 31 December 2025 to various charitable organisations in Nigeria, details of which are shown below. No donation was made to any political organisation (31 December 2024: nil).

SN	Details of Donation	Purpose		Amount (N'000)
1	Event Sponsporship IFO Usoolul -Iman School Event	Sponsorship		500
2	Payment For Rivers State Creative Industry Initiative	Sponsorship		3,682
3	Sponsorship Payment For Learning As I Teach, Africa (LAIT)	Sponsorship		500
4	Advert Coverage & Publicity At IMC Island Muslim Com. Mega Launch Event	Sponsorship		1,000
5	Payment For Lemu Event	Sponsorship		1,634
6	Branding Set-Up/Activations At Lekki-Threadpoint Ass. Ltd	Sponsorship		222
7	NASFAT sponsorship Fee-Nasrul-Lahi-L-Fatih Society	Sponsorship		3,000
8	Brandingset-Up/Activations At NASFAT HQ-Threadpoint Ass. Ltd	Sponsorship		277
9	Sponsorship Fee To Partner On 2025 Eid- Il-Kabir Funfair Event!	Sponsorship		927
10	Run Club Sponsorship Abuja	Sponsorship		2,000
11	Africa Social Impact Summit 2025 Partner	Sponsorship		1,000
12	Sponsorship Of The 18Th Annual Banking And Finance Conference	Sponsorship		12,000
13	Btwawi 2025 Branded Items-FAPPSNG Ltd	Sponsorship		140
14	Sponsorship -BTWAWI Initiative	Sponsorship		2,000
15	Btwawi 2025 Unilag Setup-Threadpoint Ass.	Sponsorship		443
16	Kano Trade Fair 2025 Sponsorship	Sponsorship		15,000
17	NANVIS Sport Fiesta 2025 Event Sponsorship Celebrating IDPWD	Sponsorship		100
18	Project Enable Africa Abilityx Event 2025 Event Spons	Sponsorship		375
19	Donation For Mr. Idris Olorunnimbe's Fourth Ramadan Lecture And IFTAR Program	Donation		500
20	The Altbank's Charity Donation For NAFSAT History Book Launch Initiative	Donation		500
21	Donation-Kanu Heart Foundation	Donation		500
22	Crescent University 20Th Anniversary	Donation		1,000
23	Sponsorship Settled For 60Th Annual Bankers Dinner 2025/Alternativ	Donation		9,500
24	ALFALFA	Corporate Social Responsibility		39,909
25	Diptheria Initiative	Corporate Social Responsibility		125
26	International Day of Rural Women 2025-Projectpro Partners Ltd	Corporate Social Responsibility		425
	Total			**97,257**

REPORT OF THE DIRECTORS - Continued

Gender Analysis of Staff
Analysis of staff employed by the Bank as at 31 December 2025

Gender	**Number**	**% to Total Staff**
Male as at 31 December 2025	476	61.0%
Female as at 31 December 2025	304	39.0%
Total staff	**780**	**100.0%**

Analysis of top management positions and the entire staff by gender as at 31 December 2025:

GRADE	**Executive Directors**	**Senior Mgt**	**Other staff**
	Number	Number	Number
Male	2	18	457
Female	1	7	296
TOTAL	**3**	**25**	**753**

Analysis of Executive and Non-Executive positions by gender as at 31 December 2025:

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	1	2
Managing Director	-	1	1
Non-Executive Director	3	5	8
TOTAL	4	7	11

Total remuneration of Senior Management (Assistant General Managers, Deputy General Managers, General Managers, and Directors) during the 12 months ended 31 December 2025 amounted to N1.3bn.

	31 Dec 2025	**31 Dec 2024**	
Description	**Unit**	**Unit**	**%**
Issued Share Capital	353,333,333	333,333,333	100.00
Substantial Shareholdings (5% and above)			
STERLING FINANCIAL HOLDINGS COMPANY PLC	**353,333,332**	**333,333,332**	**99.99**
Total Substantial Shareholdings	**353,333,332**	**333,333,332**	**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 Onasanya	NIL	NIL
Mr. Abdulmumin Ali	NIL	NIL
Mrs. Temitayo Adegoke	NIL	NIL
Mr Henry Nduka Onyiah	NIL	NIL
Hajiya Umma Dutse	NIL	NIL
Mr. Hassan Yusuf	NIL	NIL
Mr. Garba Mohammed	NIL	NIL
Mrs. Korede Demola- Adeniyi	NIL	NIL

Acquisition of own shares
The Bank did not acquire any of its shares during the 12 months ended 31 December 2025.

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.

REPORT OF THE DIRECTORS - Continued

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 12 months ended 31 December 2025 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:

Olutomi Ojo
Company Secretary
FRC/2014/PRO/00000007064
22 Marina, Lagos, Nigeria
10 March 2026

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT

For the year ended December 2025

In the name of Allah, The Beneficent, The Merciful

Praise be to Allah 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 The Alternative Bank Limited on the state of compliance of The Alternative Bank Limited with Shariah principles and rules during the year ended 2025.

Introduction:

We, collectively, having been appointed by the Board of Directors of The Alternative Bank as the Advisory Committee of Experts (ACE) of The 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:

Based on our review, which included examination of transactions, contracts, policies, and processes on a test basis, we are of the opinion that the Bank has generally complied with Shariah principles and rules during the period, except for observations (if any) which were communicated to Management and have been appropriately addressed.

Additional Opinion:

The Advisory Committee of Experts (ACE) of The 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.

We have reviewed and evaluated the work performed by the Shariah Audit team, which included testing transactions, supporting documentation, and relevant processes on a sample basis, and have undertaken additional procedures where deemed necessary. The information we received was comprehensive and provided us with reasonable assurance that the Alternative Bank 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.

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 Advisory Committee of Experts (ACE) expresses its sincere appreciation to the Board of Directors, Management, and staff of The Alternative Bank Limited for their continued cooperation, support, and commitment throughout the review period.

And Allaah knows best.

Date: 25-03-2026

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 2025, and the results of its operations, cash flows and changes in equity for the year eneded December 2025, 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 12 months ended 31 December 2025 were approved by the directors on 10 March, 2026.

Signed on behalf of the Directors by:

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

Muhtar Bakare
Chairman
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, the

(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 12 months ended 31 December 2025 were approved by the directors on 10 March, 2026.

Signed by:

Okon Markson, FCA
Chief Finance Officer
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 year ended 31 December 2025 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 12 months ended 31 December 2025 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

10 March, 2026

Shape the future with confidence

Ernst & Young
UBA House, 10th Floor
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Report of External Consultants on the Board Performance Evaluation of Alternative Bank Limited.

We have performed the evaluation of the Board of Alternative Bank Limited "bank" or "Altbank" for the year ended 2025 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 FRC NCCG 2018 states that Annual Board Evaluation assesses how each Director, the Committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Bank's objectives. Subsection 15.2 of the FRC NCCG states that the summary of the report of this evaluation should be included in the Bank's annual report and on the investors' portal. Our approach included the review of Alternative Bank Limited'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 Bank or reveal irregularities in the underlying information.

Based on our work, and as noted below, the Board of Alternative Bank Limited has complied with the requirements of Sections 10.1 and 10.3 of the CBN CGG 2023 and Sections 14.1 and 15.1 of the Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018) during the year ended 31st December 2025.

Specific recommendations for the further improvement of Alternative Bank Limited's Corporate Governance practices have been articulated and included in our detailed report to the Board.

For: Ernst & Young

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

the alternative bank

MANAGEMENT'S ASSESSMENT OF, AND REPORT ON, ALTERNATIVE BANK LIMITED'S INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025:

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 2025 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 26, 2026.

Okon Markson	**Hassan Yusuf**
Chief Finance Officer(CFO)	Managing Director/CEO
FRC No: FRC/2023/PRO/ICAN/001/702053	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 2025

I hereby make the following statements regarding the internal controls of Alternative Bank Limited for the year ended 31 December 2025:

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 periods 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

Alternative Bank Limited
(RC. No. 1909410)

Head Office:
239, Ikorodu Road, Lagos.
Tel: 0201-7000555
altbank.ng

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
Chief Finance Officer(CFO)
FRC No: FRC/2023/PRO/ICAN/001/702053

CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2025

I hereby make the following statements regarding the internal controls of Alternative Bank Limited for the year ended 31 December 2025:

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 periods 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 No: FRC/2024/PRO/DIR/003/227843

Deloitte.

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March 2026

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 C Touche has performed an independent review to determine the extent of Alternative Bank Limited's ("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 2025.

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, Assurance
FRC/2020/PRO/00000020765

Deloitte.

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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 117 to 218 which comprise the statement of financial position as at 31 December 2025, 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 2025, 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) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of public interest entities 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 these matters.

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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 • Other Market 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 2025", 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 44a.

During the year, the bank contravened certain Central Bank of Nigeria (CBN) Guidelines and Circulars. This has been disclosed in Note 50d of the financial statements

Unmodified
In accordance with the requirements of the Financial Reporting Council, 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 2025. The work performed was done in accordance with FRC 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 the same date as audit report. That report is included on page 114 of the financial statements.

Joshua Ojo
FRC/2013/PRO/ICAN/001/00000000849

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
30 July 2026

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0357504

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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 2025*, 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 30 July 2026 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.

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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 2025. 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.

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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
Joshua Ojo, FCA
FRC/2013/PRO/ICAN/001/00000000849

Lagos Nigeria
30 July 2026

Statement of Comprehensive Income

In thousands of Naira	Notes	31-Dec-25	31-Dec-24
Income from Financing Operations	6	12,340,961	6,961,948
Income from investment in Sukuk (measured using effective return rate)	6	10,000,620	10,539,845
Income from other Investing Activities	6	32,805,850	5,629,411
Gross income from financing & Investment transactions		**55,147,431**	**23,131,204**
Impairment on Financing & Investment Contracts	7	(884,214)	(10,767)
Net income after impairment		**54,263,217**	**23,120,437**
Returns to Investment Account Holders	8	(18,135,353)	(8,999,697)
Total Returns after payment to Quasi - Equity Investment Account Holders		**36,127,864**	**14,120,740**
Fees and Commission Income	9	4,668,565	2,903,838
Fees and Commission Expenses	9	(391,889)	(417,330)
Other Operating Income	10	2,031,711	9,725,052
Total Net Income Before Operating Expenses		**42,436,251**	**26,332,300**
Expenses:			
Personnel Expenses	11	(4,700,772)	(4,016,138)
Depreciation and Amortization	12	(1,193,407)	(589,173)
Other Operating Expenses	13	(22,989,144)	(11,295,274)
Total Expenses		**(28,883,323)**	**(15,900,585)**
Profit Before windfall tax and income taxes		**13,552,928**	**10,431,715**
Windfall tax	14	-	(7,449)
Income Tax Expenses	14	(395,250)	(346,178)
Profit After Tax		**13,157,678**	**10,078,088**
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent period:			
Revaluation loss on equity instruments at fair value through other comprehensive income		(243,655)	(835,674)
Total items that will not be reclassified to profit or loss in subsequent period		(243,655)	(835,674)
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 value during the period		627,104	(440,581)
- Changes in allowance for expected losses on Sukuk and Other Market Instruments		-	-
Net gains on Sukuk instrument and other investments at fair value through other comprehensive income		627,104	(440,581)
Total Items that will be reclassified to profit or loss in subsequent period:		**627,104**	**(440,581)**
Other comprehensive income for the year net of tax		383,449	(1,276,256)
Total comprehensive income for the period		13,541,127	8,801,832
Earnings per share			
Basic Earnings per share (Naira)		**37.24**	**30.23**

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

Statement of Financial Position

In thousands of Naira	Notes	31-Dec-25	31-Dec-24
Assets			
Cash & Bank Balances	16	110,569,130	96,891,300
Due from Other Commercial Banks	17	2,159,895	13,941,000
Investment - Commodity Stocks	18	72,751,119	27,055,406
Investment-Gold Bullion	19	9,401,473	2,482,471
Accounts Receivable	20	16,608,551	1,228,998
Investment in Sukuk	22	55,707,460	65,794,477
Halal Portfolio Investment	21	9,852,036	5,355,975
Financing Assets	23	84,250,962	41,346,814
Other Market Instruments	24	5,985,693	1,081,875
Other Investments - Musharakah	25	10,546,210	4,151,119
Investment in Unquoted Equity	26	617,940	2,656,682
Other Assets	27	144,430,657	21,030,358
Deferred Tax Asset	14	160,873	-
Investment Property	28	11,657,740	4,036,050
Right-of Use Asset	29	1,716,841	3,436,491
Property, Plant and Equipment	30	19,239,198	16,861,097
Intangible Assets	31	101,259	157,439
Total Assets		**555,757,037**	**307,507,552**
Liabilities			
Customer Current Deposits	33	195,319,818	136,035,148
Due to other Commercial Banks	32	616,245	3,697,470
Due To Other Financial Institutions	34	11,189,623	28,527,457
Current Income Tax Payable	14	651,566	229,853
Intervention Fund	35	15,380	36,433
Other Liabilities	36	181,650,617	47,875,977
Lease liability	37	1,098,280	1,580,867
Deferred Tax Liabilities	14	-	78,818
Provisions	38	33,898	86,304
Unresricted Mudarabah Investment Accounts Holders	39	122,696,292	65,415,032
Total liabilities		**513,271,719**	**283,563,359**
Owners' equity			
Share Capital	40(iv)	10,600,000	10,000,000
Share premium	40(v)	9,400,000	-
Retained Earnings	40(vi)	9,217,606	566,423
Other Components of Equity	40(vii)	13,178,346	8,288,404
Profit Equalisation Reserve	40(viii)	89,366	89,366
Deposit for Shares	40(ix)	-	5,000,000
Total equity		**42,485,318**	**23,944,193**
Total Equity and Liabilities		**555,757,037**	**307,507,552**

Signed on behalf of the Board of Directors on 10 March, 2026.

Okon Markson, FCA	Hassan Yusuf	Muhtar Bakare
Chief Finance Officer	*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

At 31 December 2025

In thousands of Naira	Share capital	Share premium	Fair Value Reserve	Regulatory Risk Reserve	AGSMEIS Reserve	Statutory Reserve	Total Other Comp. of Equity	Equalisation Reserve	Retained Earnings	Deposit for Shares	Total Equity
Equity at 1 January 2025	10,000,000	-	786,260	3,138,147	623,428	3,740,569	1,409,688	89,366	566,423	5,000,000	23,944,193
Transfer to profit equalisation reserve (PER)**	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the Year	-	-	-	-	-	-	-		-	-	-
Profit for the year.	-	-	-	-	-	-	-		13,157,678	-	13,157,678
Net change in fair value of other financial instruments measured at FVOCI.	-	-	627,104	-	-	-	627,104		-	-	627,104
Net change in fair value of equity designated at fair value though other comprehensive income.	-	-	(243,655)	-	-	-	(243,655)		-	-	(243,655)
Transfer of cumulative fair value gains/losses on disposal of equity instruments designated at FVOCI	-	-	(98,693)	-	-	-	(98,693)		98,693	-	-
Total comprehensive income for the year	-		284,756	-	-	-	284,756	-	13,256,370	-	13,541,126
Transaction with equity holders, recorded directly in equity:											
							-				
New issue	600,000	9,400,000	-	-	-	-	-	-	-	-	10,000,000
Interim Dividend to Equity holders	-	-	-	-	-	-	-		-	-	-
Transfer to regulatory risk reserve	-	-	-	66,606	-	-	-		(66,606)	-	-
Transfer to statutory & AGSMEIS reserves	-	-	-		657,884	3,947,303	657,884		(4,605,187)	-	-
Deposit for Shares	-	-	-	-	-	-		-	-	(5,000,000)	(5,000,000)
At 31 December 2025	**10,600,000**	**9,400,000**	**1,071,016**	**3,204,753**	**1,281,312**	**7,687,872**	**2,352,327**	**89,366**	**9,151,000**	**-**	**42,485,318**
Equity at 1 January 2024	10,000,000	-	2,062,515	69,462	119,524	717,143	2,182,039	89,366	1,484,349	-	14,542,358
Transfer to profit equalisation 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	-	-	(1,276,255)	-	-	-	(1,276,256)		10,078,088	-	8,801,833
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)	-	-
Transfer to statutory & AGSMEIS reserves	-	-	-	-	503,904	3,023,426	503,904		(3,527,330)	-	-
Depositfor shares										5,000,000	5,000,000
At 31 December 2024	**10,000,000**	**-**	**786,260**	**3,138,147**	**623,428**	**3,740,569**	**1,409,688**	**89,366**	**566,423**	**5,000,000**	**23,944,193**

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

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

Statement of Cash Flows

In thousands of Naira	Notes	31-Dec-25	31-Dec-24
Cash flows from Operating Activities:			
Profit After Tax		13,157,678	10,078,088
Adjustments for:			
Gain from disposal of investment property	10	(531,583)	(7,615,697)
Gain from disposal of property, plant and equipment		(20,455)	(1,995)
Fair value gain on Gold	10	(249,812)	-
Impairment on Financing & Investment Contracts	7	884,214	10,767
Depreciation and Amortisation charges	12	1,193,407	589,173
Lease expense	37	45,173	249,423
FC Revaluation gain		138,623	(13,208,998)
Gross income from financing & Investment transactions		(55,147,431)	(23,131,204)
Returns to Investment Account Holders		18,135,353	8,999,697
Windfall tax			7,449
Income Tax Expense	14	395,250	346,178
		(21,999,583)	**(23,677,118)**
Change in Operating Assets and Liabilities			
Due from Other Commercial Banks	41.3	11,781,105	6,046,590
Investment - Commodity Stocks	41.3	(45,853,804)	(18,398,414)
Accounts Receivable	41.7	(12,988,695)	207,552
Financing Assets	41.5	(42,782,364)	(7,528,900)
Deposits with the Central Bank of Nigeria	41.2	(19,183,510)	(61,181,212)
Other Market Instruments	41.9	(4,913,125)	(1,081,875)
Other Investments - Musharakah	41.10	(6,395,091)	(2,797,412)
Other Assets	41.12	(121,968,397)	(17,966,272)
Investment in Gold Bullion	41.6	(6,140,686)	(684,675)
Due To Other Commercial Banks	41.14	(3,081,225)	(4,929,960)
Customer Current Deposits	41.15	59,284,670	64,336,002
Other Liabilities	41.18	132,050,798	25,850,162
Decrease in provisions	41.19	-	-
Financing & Investment Transactions Income received	41.21	54,334,548	22,462,933
Returns paid to Investment Account Holders	41.22	(17,097,568)	(8,812,115)
Tax paid		(43,817)	-
Net cash flows (used in) / generated from operations		(44,996,746)	(28,154,714)
Cash Flows from Investing Activities			
Purchase of investment in Sukuk	41.13	(52,371,890)	(54,170,250)
Proceeds from sale of investment in Sukuk	41.13	62,528,186	15,816,132
Purchase of property and equipment	30	(16,035,508)	(8,585,714)
Purchase of intangible assets	31	(892)	(6,090)
Purchase of investment property	28	(159,438)	(258,392)
Purchase of Halal investments	41.8	(4,496,061)	(1,260,516)
Investment in unquoted equity	41.11	(119,524)	-
Proceeds from disposal of property, plant and equipment		217,315	32,708
Proceeds from disposal of investment property		5,714,512	8,658,947
Net cash used in investing activities		(4,649,684)	(39,773,175)
Cash Flows from Financing Activities			
Due To Other Financial Institutions	41.16	(17,337,834)	2,909,742
Interim dividend to Equity holders		-	(4,400,000)
Intervention Fund	41.17	(21,053)	36,433
Payment for lease liabilities	37	(643,000)	-
Proceeds from issue of shares	41.20	5,000,000	(2,259,498)
Deposit for Shares	41.21	-	5,000,000
Unrestricted Investment Accounts	41.22	57,281,260	29,108,344
Net cash generated from financing activities		44,279,373	30,395,021
Decrease increase in cash and cash equivalents		(5,367,057)	(37,532,868)
Analysis of changes in cash and cash equivalents			
Cash and cash equivalents at the beginning	41	35,710,088	60,033,957
Impact of exchange movement		(138,623)	13,208,998
Decrease increase in cash and cash equivalents		(5,367,057)	(37,532,868)
Cash and cash equivalents at end of the period	41.1	**30,204,408**	**35,710,088**

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-25	12 Months to 31-Dec-24
Transfer to Regulatory Risk Reserve			
Prudential provision		**5,555,099**	**4,600,000**
IFRS provision			
Impairment allowance on Finance Facilities	23	1,791,221	1,100,124
Allowances for impairment for Other Assets	27	275,660	193,637
Impairment allowance on Sukuk Securities	22	29,321	19,632
Impairment allowance on Other Investment - Musharaka	25	-	-
Provision for guarantees and letters of credit	38	33,898	86,304
Impairment on Commodity Stock	18	220,246	62,155
		2,350,346	**1,461,853**
Difference in impairment provision balances		***3,204,753***	***3,138,147***
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the Year		3,138,147	69,462
Transfer (from) / to Regulatory Risk Reserve		66,606	3,068,685
		3,204,753	3,138,147

Non Permissible Income (NPI) and its Disposal

In thousands of Naira	**Dec-25**	**Dec-24**
Sources of charity Funds		
Opening Balance	859,016	1
Non Permissible Income	**147,278**	**871,179**
Total Sources of NPI	1,006,294	871,179
Uses of NPI		
Disbursement to charity	446,148	12,164
Total uses of NPI during the year	446,148	12,164
Balance at 31 December	560,147	859,015

Notes to the Financial Statements

1 Corporate information :

1.1 Incorporation

Alternative Bank Limited was incorporated on 23 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 26 June 2023 and consequently, commenced ethical banking operations on July, 2023. Alternative Bank Limited 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.

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.

Notes to the Financial Statements - continued

(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.

(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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(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.

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 (FVTPL) or liabilities at amortised cost.

(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, investment in sukuk, investment in commodity stock and other market instruments.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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'.

The Bank's financial assets at fair value through other comprehensive income (FVOCI) include Investment in unquoted equity, investment in Sukuk, and Halal portfolio investment.

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.

The Bank's financial assets at fair value through profit or loss (FVTPL) include only Investment in Gold Coins.

(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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(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.

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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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 obligors 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 products).

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 profit or loss'.

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.

(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 to other financial institutions, other liabilities, lease liability and unrestricted mudarabah investment accounts holders

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(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.

(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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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.

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 obligor, then an assessment is made of whether the financial asset should be derecognised (see below) and Expected credit losses (ECL) are measured as follows:
- 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 existing asset
- 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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(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 FVTPL:

- 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 recognition.

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.

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 obligor or issuer;
- A breach of contract such as a default or past due event;
- For economic or contractual reasons relating to the obligor's financial difficulty, having granted to the obligor a concession(s) that the Bank would not otherwise consider;
- It is becoming probable that the obligor 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 losses.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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 backstop;
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.

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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

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:

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 stage 2.

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.

Notes to the Financial Statements - continued

2.2.2 Financial instruments - continued

(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 2025.

(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.

(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 expire.

Notes to the Financial Statements - continued

2.2.3 Revenue recognition - continued

(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 arrangement / 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 assets.

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.

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's 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.

Notes to the Financial Statements - continued

2.2.3 Revenue recognition - continued

Income from fees and commission

Fees and commission income are recognised in line with applicable standards of IFRS and AAOIFI, depending on the nature of the underlying transaction. Fees that are integral to a financial instrument are recognised as part of the effective profit rate in accordance with IFRS 9.

Other fees and commissions are recognised in accordance with IFRS 15, either:

- Over time, as the related services are rendered; or
- At a point in time, when the service is completed.

Income is recognised only to the extent that it is permissible under Shari'ah principles and approved by the Bank's Shari'ah Advisory Committee.

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.

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

Notes to the Financial Statements - continued

2.2.5 Property, plant and equipment - continued

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.

(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.

Notes to the Financial Statements - continued

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.

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.

Notes to the Financial Statements - continued

2.2.9 Employee benefits

(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.

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.

Notes to the Financial Statements - continued

2.2.10 Provisions, Contingent Liabilities and Contingent assets - continued

(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.

(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.

Notes to the Financial Statements - continued

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.

For Sukuk Instruments and other investments designated at FVOCI, upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from the fair value reserve to profit or loss.

For equity instruments designated at FVOCI, upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified to profit or loss but is transferred directly from the fair value reserve to retained earnings

(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.

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

Notes to the Financial Statements - continued

2.2.14 Pledged financial assets - continued

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.

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 help entities determine whether an acquired set of activities and assets is a business or not. They clarified the minimum requirements for a business, removed the assessment of whether market participants can replace any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduce an optional fair value concentration test.

These amendments had no impact on the Group's consolidated financial statements.

2.3 Changes in accounting policies and disclosures - continued

(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 added 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 was 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.

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 year.

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 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.

Notes to the Financial Statements - continued

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

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 rate.

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.

Notes to the Financial Statements - continued

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).

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.

Notes to the Financial Statements - continued

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.

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 of these items.

(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 obligor'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, fiancing 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 Our 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 Halal Portfolio Investments – Investment Securities (FVOCI with Recycling)

Halal Portfolio Investments that represent Shari'ah-compliant investment securities are initially recognized at fair value plus directly attributable transaction costs. These instruments are subsequently measured at fair value through other comprehensive income (FVOCI) where the Bank's business model is to hold the assets to collect contractual cash flows and to sell them.

Profit income is recognized in profit or loss using the effective profit rate method, while changes in fair value are recognized in other comprehensive income (OCI).

Upon derecognition or disposal of the investment, the cumulative fair value gain or loss previously recognized in OCI is reclassified (recycled) to profit or loss.

Expected credit losses on such instruments are recognized in profit or loss in accordance with the Bank's impairment policy.

4.8 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.

4.9 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 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	31-Dec-25	31-Dec-24
6	**Income from Financing Operations**		
	Income from Ijara transactions	3,884,302	718,053
	Income from Murabaha (Cost-Plus) contracts	8,371,697	6,227,473
	Income from financing activities - others	4,767	15,778
	Istisna Profit Corporate	80,195	644
	Total Income from Financing contracts	**12,340,961**	**6,961,948**

6.1	**Income from investment in Sukuk Securities (measured using effective return rate**	**31-Dec-25**	**31-Dec-24**
	Income from investment in Sukuk Securities	10,000,620	10,539,845
	Total - Income from investment in Sukuk Securities	**10,000,620**	**10,539,845**

6.2	**Income from other Investing Activities**	**31-Dec-25**	**31-Dec-24**
	Income from Other Treasury Operations	9,041,510	3,676,401
	Income from Musharaka Investment	5,456,845	89,370
	Income from direct commodity trading	17,719,827	1,781,767
	Other Market Instruments Income	587,668	81,874
	Total Income from other Investing Activities	**32,805,850**	**5,629,411**

7	**Impairment on Sukuk, Financing & Investment Contracts**		
	Impairment Expense	**31-Dec-25**	**31-Dec-24**
	Investment & Financing impairment:		
	Impairment on finance facilities - Corporate	1,148,177	391,892
	Impairment on finance facilities - Individual	95,834	104,741
	Impairment on Guarantees and Letter of Credit	(52,406)	80,156
	Impairment on investments - commodity stock	158,091	-
	Impairment on securities - Sukuk	(3,899)	(67,881)
	Impairment charges on other marketing instruments	9,307	2,921
	Impairment charges on other assets	82,022	22,457
	Allowance no longer required - Corporate	(423,761)	(251,499)
	Allowance no longer required - Individual	(129,151)	(272,020)
		884,214	**10,767**

The table above shows the ECL charges on financial instruments for the 12 months ended 31 December 2025 recorded in profit or loss:

8	**Returns to Investors and Funders**	**31-Dec-25**	**31-Dec-24**
	Returns to Investment Account Holders	16,542,754	6,317,338
	Returns to Islamic Development Bank	1,592,599	2,682,359
	Total Returns to Investors and Funders	**18,135,353**	**8,999,697**

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	31-Dec-25	31-Dec-24
9	**Fees and commission income**		
	E-business commission and fees (Note 9i)	2,152,639	1,723,722
	Commissions on Letter of Credits (LCs) / Trade Finance	439,810	445,242
	Agency - (Wakala) Commission (Note 9ii)	2,076,116	734,874
	Total fees and commission income	**4,668,565**	**2,903,838**

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.

9.1	**Fees and commission expenses**	31-Dec-25	31-Dec-24
	E-business expenses	267,621	222,424
	Agency - (Wakala) Commission expense	50,834	146,634
	Commission (Ameel) payment	73,434	48,272
		391,889	**417,330**

10	**Other operating income**	31-Dec-25	31-Dec-24
	Rental Income	21,347	115,732
	Miscellaneous Income (note 10i)	1,065,099	1,629,968
	Gains from Disposal (note 10ii)	552,038	7,617,692
	FC Reval Gain / (Loss)	138,623	358,209
	Fair value gain on Gold	249,812	-
	Bad Debts Recovery	4,792	3,451
	Total Other operating income	**2,031,711**	**9,725,052**

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	31-Dec-25	31-Dec-24
11	**Personnel Expenses**		
	Salaries & Wages	4,430,799	3,825,687
	Defined Pension Contribution	220,762	159,414
	NSITF expenses	49,211	31,037
		4,700,772	**4,016,138**

		31-Dec-25	31-Dec-24
12	**Depreciation and Amortisation**		
	Depreciation of property, plant and equipment (see note 30)	746,059.00	340,694
	Depreciation investment property (see note 28)	69,310.00	40,336
	Depreciation on right of use asset (see note 29)	320,966.00	154,451
	Amortisation of Intangible assets (see note 31)	57,072.00	53,693
		1,193,407	**589,173**

		31-Dec-25	31-Dec-24
13	**Operating expenses**		
	Training and seminar expenses	348,323	167,575
	Other staff expenses	9,377,179	4,493,265
	NDIC Premium charge	648,572	439,373
	Directors Fees & Board Expenses	441,081	216,556
	Audit Fee*	84,872	64,000
	Shariah Advisor Charges	71,098	35,087
	Interbank Mudaraba Expense	487,862	19,891
	Lease expense**	45,173	249,423
	Other Operating expense (See Note 13.1)	11,484,984	5,608,104
		22,989,144	**11,295,274**

* The external auditor did not render any non-audit service to the bank during the year ended 31 December 2025

** Lease expense relates to the lease liability on leased office space.

		31-Dec-25	31-Dec-24
13.1	**Other Operating expenses**		
	Maintenance of Investment Property	954	1,092
	Other expenses*	411,494	298,013
	Outsourcing services	1,297,409	-
	Licences	47,382	-
	Printing and stationeries	33,810	79,223
	Donation	12,000	-
	Promotional Expenses	1,502,141	1,206,817
	Repair and Maintenance	1,393,362	600,036
	General Insurance & related charges	545,604	210,888
	Shared service cost**	2,510,982	1,168,478
	Travel and Entertainment	570,721	329,012
	Professional and Consultancy	442,955	294,521
	Corporate Social Responsibility	40,459	31,580
	Research and development	2,000	-
	Canteen Expense	538,476	321,842
	Service Contracts	307,977	250,867
	ITF expenses	131,707	64,659
	IT and Software Expenses	1,216,729	751,077
	Vehicle expenses	116,329	-
	Generator Fuel expense	257,255	-
	Electricity	105,238	-
		11,484,984	**5,608,104**

* *Other expenses relate to premises and utility expenses, security expenses and subscriptions*

* *Shared service costs represents the cost of services enjoyed by AltBank from the Group.*

Other expenses

The other expenses include general cleaning, telephone costs, rates & taxes, AGM expenses, security costs, recruitment costs,debt recovery expense, repairs, maintencance, NIBSS charges, etc

Notes to the Financial Statements - continued

In thousands of Naira

Income tax - continued

14	**Reconciliation of total tax charge**	31-Dec-25		31-Dec-24	
		%		%	
	Profit before income tax expense	100%	13,552,928	100%	10,431,715
	Income payable @ statutory tax rate of 30%	30%	4,065,878	30%	3,126,140
	Tax effect of:				
	Non-deductible expenses	15%	2,025,517	11%	1,171,582
	Tax- exempt Income	-37%	(5,015,567)	-44%	(4,559,674)
	Education tax	1%	107,583	0%	-
	Capital gains tax	0%	48,466		-
	Nigeria Police Trust Fund	0%	-	0%	521
	National Agency for Science and Engineering Infrastructure Act Levy	0%	33,882	0%	26,051
	Information Technology Levy (NITDA)	1%	135,529	1%	104,205
	Impact of differences in tax rates	-8%	(1,075,829)	3%	298,553
	Deferred tax (assets)/liabilities	-2%	(239,691)		
	Minimum tax	2%	309,481	2%	178,800
	Tax on dividend paid basis				
	Effective tax rate/ Income tax expense	3%	395,249	3%	346,179

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 2025, as a result, was assessed to minimum tax for the period under review. The minimum tax charge for the period was N309.48million.

ii The basis of the Education Tax is 3% of assessable profit which is N3.59billion for the year under review (2024: 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 (CGT) is levied on capital gains arising from sales of qualifying property, plant and equipment, investment property and equities. The Bank is liable to CGT of N48.47million during the year 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 is no more liable to Police Trust Fund levy having paid the levy for a maximum period of six years.

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-25**	**Recognised in profit or loss**	**31-Dec-25**
Property, plant and equipment, Intangible assets and	1,504,950	414,356	1,919,306
Unutilized tax credit (Capital allowance)	(1,037,943)	(782,525)	(1,820,468)
Tax loss	(439,716)	439,716	-
Provisions	51,527	(311,238)	(259,711)
	78,818	(239,691)	(160,873.00)

In thousands of Naira	**01-Jan-24**	**Recognised in profit or loss**	**31-Dec-24**
Property, plant and equipment, Intangible assets and Investment properties	629,690	875,260	1,504,950
Unutilized tax credit (Capital allowance)	(463,608)	(574,337)	(1,037,943)
Tax loss	(419,789)	(19,927)	(439,716)
Provisions	295,924	(244,397)	51,527
	42,217	36,601	78,818

In thousands of Naira

14 Contd		31-Dec-25	31-Dec-24
(viii)	**Current income tax expense:**		
	Companies Income tax	309,481	178,800
	Education tax	107,583	-
	Capital Gains Tax	48,466	-
		465,530	**178,800**
	Information Technology levy	135,529	104,205
	Nigeria Police Trust Fund levy	-	521
	National Agency for Science and Engineering Infrastructure levy	33,882	26,051
		169,411	309,577
	Deferred tax expense:		
	Deferred tax expense:	(239,691)	36,601
	Total income tax expense	**395,250**	**346,178**
(ix)	**Windfall Levy**		
	Windfall Levy- 2023 Financial Year		3,192
	Windfall Levy- 2024 Financial Year		4,256
	Total income tax expense	**0.00**	**7,449**
(x)	**Current income tax payable**		
	The movement on this account during the year was as follows:		
	Balance at beginning of the year	229,853	51,053
	Estimated charge for the year	465,530	178,800
	Prior period under/(excess) provision		
	Payments	(43,817)	-
	Balance at end of the year	**651,566**	**229,853**
(xi)	**Windfall Levy Payable**		
	follows:		
	Balance at beginning of the year	7,449	-
	Estimated charge for the year	-	7,449
	Payments during the year	(7,449)	-
	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. The Bank has no realized foreign exchange profit during the period under review and has no windfall levy to pay for the period.

15 Earnings Per Share (EPS): Basic & Diluted

The calculation of basic earnings per share for the final year ended 31 December 2025 was based on the profit attributable to ordinary shareholders as at the reporting date.

	31-Dec-25	31-Dec-24
Issued Ordinary Shares as at 31 December 2025 in number (In thousands of units)	353,333	333,333
Profit attributable to equity shareholders of the Bank (In thousands of naira)	13,157,678	10,078,088
Basic EPS (in Naira)*	37.24	30.23

* EPS for both periods was calculated on annualized Profit attributable to Equity Shareholders.

During the period, the Bank effected a consolidation of its existing issued share capital whereby 20,000,000,000 ordinary shares of 50 kobo each were consolidated into 333,333,333 ordinary shares of ₦30 each, on the basis of one new ordinary share for every 60 existing ordinary shares held. Subsequently, additional 20,000,000 ordinary shares were issued at ₦30 per share

	In thousands of Naira	31-Dec-25	31-Dec-24
16	**Cash and Bank balances**		
	Cash and Bank with Other Banks	27,003,408	32,709,088
	Unrestricted balances with Central Bank of Nigeria	1,000	1,000
	Cash Reserve Requirement	80,364,722	61,181,212
	Interbank Mudaraba – Placement	3,200,000	3,000,000
		110,569,130	**96,891,300**

i Cash and Bank represents balances of RTGS with CBN and Operating Accounts with Sterling Bank Ltd.

ii Cash reserve requirement relates to restricted deposits with the Cental Bank of Nigeria

iii **Analysis of cash and bank balances**

Vault - Notes	207,864	353,911
RTGS ACCOUNT	3,549,189	2,457,185
Nostro-Local Banks	23,246,355	29,897,992
Unrestricted balances with Central Bank of Nigeria	1,000	1,000
Cash Reserve Requirement	80,364,722	61,181,212
Interbank Mudaraba – Placement	3,200,000	3,000,000
	110,569,129	**96,891,300**

17	**Due from other Commercial Banks**	**31-Dec-25**	**31-Dec-24**
	Qard Placement with Sterling banks	2,159,895	**13,941,000**

18	**Investment - Commodity Stocks**	**31-Dec-25**	**31-Dec-24**
	Istisna	1,070,596	1,060,523
	Murabaha Product	4,853,018	2,808,611
	Commodity Mudarabah	66,117,236	21,824,575
	Facilities to corporate entities and other organizations - Investment	930,515	1,423,852
		72,971,365	27,117,561
	Write down to net realisable value	(220,246)	(62,155)
	Net Commodity Murabaha Products	**72,751,119**	**27,055,406**

i Investment in commodity stock represent *partnership investment made in form of Fertilizers, Rice, stocks, etc.*

ii Commodity Murabaha Products are accounted for under inventories

19	**Investment In Gold**	**31-Dec-25**	**31-Dec-24**
	Gold Bullion	2,482,471	1,828,128
	Additions	6,140,686	684,675
	Fair value gain/(loss) on Gold Bullion	778,316	(30,332)
	Total Investment on Gold Bullion	**9,401,473**	**2,482,471**

Investment in Gold is carried as Investment Asset in line with AAOIFI Shari'ah Standard No. 57 on Gold and its Trading, and accounted for *at fair value through OCI and FVTPL .*

19	**Investment in Gold measured at (FVOCI)**	**31-Dec-25**	**31-Dec-24**
	As at 1 January 2025	2,482,471	1,828,128
	Gold purchased during the year	2,719,695	684,675
	Gold sold during the year	-	-
	Fair value gain/(loss)	528,504	(30,332)
	At 31 December 2025	**5,730,670**	**2,482,471**

19	**Investment in Gold measured at (FVTPL)**	**31-Dec-25**	**31-Dec-24**
	As at 1 January 2025	-	-
	Gold purchased during the year	3,420,991	-
	Gold sold during the year	-	-
	Fair value gain/(loss)	249,812	-
	At 31 December 2025	**3,670,803**	**-**

Notes to the Financial Statements - continued

20	**Accounts Receivable**	**31-Dec-25**	**31-Dec-24**
	Account Recievables	16,608,551	1,228,998
	Account Recievables - Others	-	-
	Total Accounts Receivable	**16,608,551**	**1,228,998**

				31-Dec - 2025
20	***In thousands of Naira***	**Stage 1**	**Stage 3**	**Total**
	As at 1 January 2025	1,228,998	-	1,228,998
	New assets originated or purchased	16,608,551	-	16,608,551
	Assets derecognised or repaid (excluding write offs)	(1,228,998)	-	(1,228,998)
	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 2025	16,608,551	-	16,608,551

				31-Dec - 2024
20	***In thousands of Naira***	**Stage 1**	**Stage 3**	**Total**
	As at 1 January 2025	1,201,458	-	1,201,458
	New assets originated or purchased	27,540	-	27,540
	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 2025	**1,228,998**	**-**	**1,228,998**

21	**Halal Portfolio Investment**	**31-Dec - 2025**	**31-Dec-24**
	Halal Portfolio Investments measured at (FVOCI)	5,355,975	5,355,975
	Additions	4,496,061	-
	Fair value gain on Halal investment	-	-
	Halal Portfolio Investments measured at (FVOCI)	9,852,036	5,355,975

Portfolio Investment constitute investment in fund management with SCM Capital Ltd

Notes to the Financial Statements - continued

	In thousands of Naira	31-Dec-25	31-Dec-24
22	**Investment in Sukuk**		
	FGN Sukuk	44,966,659	45,609,062
	KATSINA Sukuk	569,611	711,859
	PURPLE Sukuk	260,355	260,921
	GOMBE Sukuk	160,322	193,851
	Taj Sukuk	524,993	-
	IILM (International Islamic Liquidity Management)	8,737,147	18,520,723
	Infrafund Sukuk	517,693	517,693
		55,736,780	65,814,109
	Impairment on investment - Sukuk	(29,321)	(19,632)
		55,707,459	**65,794,477**
	Investment in Sukuk measured at amortised cost		
	IILM (International Islamic Liquidity Management)	8,737,147	18,520,723
	Katsina Sukuk	569,611	711,859
	Purple Sukuk	260,355	260,921
	Gombe Sukuk	160,322	193,851
	FGN Sukuk	17,225,786	-
	Taj Sukuk	524,993	
	Infrafund Sukuk	517,693	517,693
		27,995,907	20,205,047
	Impairment on investment - Sukuk @amortised cost	(29,321)	(19,632)
		27,966,586	20,185,415
	Investment in Sukuk measured at (FVOCI)		
	FGN Sukuk	27,740,874	45,609,062
	Total of Sukuk Securities	**55,707,460**	**65,794,477**

22	**Investment in Sukuk measured at (FVOCI)**				**31 -Dec-2025**
	In thousands of Naira	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	As at 1 January 2025	45,609,062	-	-	45,609,062
	New assets originated or purchased	27,447,178	-	-	27,447,178
	Assets derecognised or repaid (excluding write offs)	(45,413,966)	-	-	(45,413,966)
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not	-	-	-	-
	Amounts written off	-	-	-	-
	Fair value adjustments	98,600			98,600
	Foreign exchange adjustments	-	-	-	-
	At 31 December 2025	27,740,874	-	-	27,740,874

22	**Investment in Sukuk measured at amortised cost**				**31 -Dec-2025**
	In thousands of Naira	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	As at 1 January 2025	20,185,415	-	-	20,185,415
	New assets originated or purchased	24,924,712	-	-	24,924,712
	Assets derecognised or repaid (excluding write offs)	(17,114,220)	-	-	(17,114,220)
	Impairment on investment - Sukuk @amortised cost	(29,321)	-	-	(29,321)
	At 31 December 2025	27,966,586	-	-	27,966,586

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
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	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(355,989)	-	-	(355,989.00)
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
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	-	-	-	-
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-2025**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	13,588	-	-	13,588
New assets purchased	3,830	-	-	3,830
Assets derecognised or matured (excluding write offs)	(13,588)	-	-	(13,588)
At 31 December 2025	3,830	-	-	3,830

22 Investment in Sukuk measured at amortised cost — **31 -Dec-2025**

In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	19,632	-	-	19,632
New assets purchased	5,859	-	-	5,859
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2025	25,491	-	-	25,491

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	-	-	45,087.4
Assets derecognised or matured (excluding write offs)	(25,455)	-	-	(25,455)
At 31 December 2024	19,632	-	-	19,632

Notes to the Financial Statements - continued

	In thousands of Naira	31-Dec-25	31-Dec-24
23	**Financing Assets - Facilities to customers**		
	Facilities to corporate entities and other organizations	78,908,711	37,008,938
	Facilities to individuals	7,133,472	5,438,000
		86,042,183	**42,446,938**
	Less:		
	Impairment allowance on Facilities to corporate entities	(1,412,424)	(694,541)
	Impairment allowance on Facilities to individuals	(378,797)	(405,583)
		84,250,962	**41,346,814**

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 period-end

	31-Dec-25			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	307,895	-	-	307,895
RR3-RR4	72,584,592	-	-	72,584,592
RR5-RR6	-	3,042,754	-	3,042,754
RR7	-	-	1,706,342	1,706,342
RR8	-	-	37,742	37,742
RR9	-	-	1,229,386	1,229,386
Total	**72,892,487**	**3,042,754**	**2,973,470**	**78,908,711**

	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**

	31-Dec-25			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	34,506,858	1,418,639	1,083,441	37,008,938
New assets originated or purchased	51,721,437	-	15,292	51,736,729
Assets derecognised or repaid (excluding write offs)	(9,398,407)	(262,615)	(175,934)	(9,836,956)
Transfers to Stage 1	16,412	(16,412)	-	-
Transfers to Stage 2	(3,041,302)	3,041,302	-	-
Transfers to Stage 3	(912,512)	(1,138,160)	2,050,672	-
Changes to contractual cash flows due to	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	**72,892,486**	**3,042,755**	**2,973,471**	**78,908,711**

	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	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**34,506,858**	**1,418,639**	**1,083,441**	**37,008,937**

Notes to the Financial Statements - continued

In thousands of Naira	31-Dec-2025 Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	103,758	58,135	532,647	694,540
New assets originated or purchased	45,068	-	8,959	54,027
Assets derecognised or repaid (excluding write offs)	(30,626)	-	(146,720)	(177,346)
Transfers to Stage 1	102	(101)	(1)	(0)
Transfers to Stage 2	(229,073)	229,073	-	-
Transfers to Stage 3	(168,460)	(384,928)	553,388	-
Impact on year end ECL of exposures transferred	743,271	326,894	(228,962)	841,203
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	
At 31 December 2025	**464,039**	**229,073**	**719,312**	**1,412,424**

In thousands of Naira	31-Dec-2024 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	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**

23.2 Facilities to corporate customers - continued

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end

Notes to the Financial Statements - continued

In thousands of Naira	31-Dec-25 Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	41,246	-	-	41,246
RR3-RR4	6,323,417	-	-	6,323,417
RR5-RR6	-	76,045	-	76,045
RR7	-	-	183,374	183,374
RR8	-	-	10,998	10,998
RR9	-	-	498,391	498,391
Total	**6,364,663**	**76,045**	**692,763**	**7,133,471**

In thousands of Naira	31-Dec-24 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**

Notes to the Financial Statements - continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual financing is, as follows:

In thousands of Naira	31-Dec-25			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2025	4,519,216	242,907	675,877	5,438,000
New assets originated or purchased	2,757,906	-	-	2,757,906
Assets derecognised or repaid (excluding write offs)	(893,827)	(60,204)	(108,405)	(1,062,435)
Transfers to Stage 1	51,037	(39,707)	(11,330)	(0)
Transfers to Stage 2	(1,980)	1,980	-	-
Transfers to Stage 3	(67,690)	(68,931)	136,621	-
Changes to contractual cash flows due to	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	**6,364,663**	**76,045**	**692,763**	**7,133,471**

In thousands of Naira	31-Dec-24			
	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)	-
Transfers to Stage 3	(2,917)	(32,040)	34,957	-
Changes to contractual cash flows due to	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**4,519,216**	**242,907**	**675,877**	**5,438,000**

Bank

In thousands of Naira	31-Dec-25			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2025	7,591	1,010	396,982	405,583
New assets originated or purchased	2,849	-	-	2,849
Assets derecognised or repaid (excluding write offs)	(803)	-	(268,219)	(269,022)
Transfers to Stage 1	0	-	(0)	-
Transfers to Stage 2	(113)	113	-	-
Transfers to Stage 3	(29,959)	(34,065)	64,024	-
Impact on year end ECL of exposures transferred	45,156	33,083	161,149	239,388
Unwind of discount				-
Changes to contractual cash flows due to modifications not resulting in derecognition				-
Changes to models and inputs used for ECL calculations				-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	**24,721**	**140**	**353,936**	**378,797**

Notes to the Financial Statements - continued

In thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-24 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)	-
Transfers to Stage 2	(769)	769	-	-
Transfers to Stage 3	(1,534)	(12,067)	13,601	-
Impact on year end ECL of exposures transferred	(132,311)	(28,674)	25,990	(134,996)
	-	-	-	-
Unwind of discount				
Changes to contractual cash flows due to modifications	-	-	-	-
Changes to models and inputs used for ECL	-	-	-	-
Amounts written off	-	-		-
Foreign exchange adjustments	-	-	-	-
At 31 December 2024	**7,591**	**1,010**	**396,982**	**405,583**

	In thousands of Naira	31-Dec-25	31-Dec-24
23.3	**Classification of Facilities by rating**		
	Rating		
	RR1-RR2	349,141	155,040
	RR3-RR4	78,908,009	38,871,034
	RR5-RR6	3,118,800	1,661,545
	RR7	1,889,717	438,693
	RR8	48,740	41,997
	RR9	1,727,777	1,278,628
		86,042,183	**42,446,938**

23.4	**Classification of Facilities by security**	**31-Dec-25**	**31-Dec-24**
	Cash	349,141	155,040
	Real estate	31,363,706	8,608,853
	Stocks/shares	-	-
	Debentures	13,548,904	9,885,460
	Other securities	40,780,431	23,797,585
	Unsecured		-
		86,042,183	**42,446,938**

Other securities includes domiciliation of proceeds, personal guarantees, negative pledge, etc.

In thousands of Naira	31-Dec-25	31-Dec-24
Agriculture	18,592,712	6,436,091
Capital Market		
Consumer	2,629,773	3,496,284
Education	332,307	179,875
Finance & insurance	231,022	616,674
Government		
Mining & quarrying		
Oil & gas	684,860	162,269
Others	18,611,630	15,992,810
Power	753,425	0
Real Estate & Construction	15,083,821	4,049,008
Transportation	16,688,454	1,722,450
	86,042,183	**42,446,938**

Notes to the Financial Statements - continued

	In thousands of Naira	31-Dec-25	31-Dec-24
24	**Other Market Instruments**		
	Other Market Instruments	5,500,000	1,000,001
	Profit Receivable Other Market Instrument	495,000	81,874
		5,995,000	1,081,875
	Less:		
	Impairment allowance	(9,307)	-
		5,985,693	**1,081,875**

i Other Market Instruments in the current year relate to investment in non-interest commercial paper of Golden Fertlizer Company Limited measured at amortized cost

31-Dec-2025

24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	As at 1 January 2025	1,081,875	-	-	1,081,875
	New assets originated or purchased	5,995,000	-	-	5,995,000
	Assets derecognised or repaid (excluding write offs)	(1,081,875)	-	-	(1,081,875)
	Transfers to Stage 1	-	-	-	-
	Transfers to Stage 2	-	-	-	-
	Transfers to Stage 3	-	-	-	-
	Changes to contractual cash flows due to modifications not resulting in dere	-	-	-	-
	Amounts written off	-	-	-	-
	Foreign exchange adjustments	-	-	-	-
	At 31 December 2025	5,995,000	-	-	5,995,000

31-Dec-2024

24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	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-2025

24	*In thousands of Naira*	Stage 1	Stage 2	Stage 3	Total
	ECL allowance as at 1 January 2025	2,921	-	-	2,921
	New assets purchased	9,307	-	-	9,307
	Assets derecognised or matured (excluding write offs)	(2,921)	-	-	(2,921)
	At 31 December 2025	9,307	-	-	9,307

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

Notes to the Financial Statements - continued

		31-Dec-25	31-Dec-24
25	**Other Investments - Musharaka**		
	Musharaka Investment	10,546,210	4,151,119
	Less: Impairment	-	-
	Total Musharaka Investment	**10,546,210**	**4,151,119**

*Musharaka investments represent partnership arrangements in which the Bank contributes capital and shares in profits or losses based on agreed ratios. These investments are measured at historical cost in accordance with AAOFI Financial Accounting Standard 4, Musharakah.

		31-Dec-25	31-Dec-24
26	**Investment in Unquoted Equity**		
	Investment in unquoted Equities	764,093	3,109,043
	Fair value adjustment	(146,153)	(452,361)
		617,940	**2,656,682**
	Investments in unquoted Equities at fair value through other comprehensive income (FVOCI)		
	Investment in Equity - Binkabi	1,000	1,000
	Equity Mudarabah	-	2,390,858
	Mudarabah -Helathtracka	302,666	338,594
	Equity Mudarabah -E Purse	1,479	1,479
	Altschool Investment	339,424	377,113
	Investment in unquoted - AGSMEIS	119,524	-
		-	-
	Investment in unquoted Equities	**764,093**	**3,109,044**
	Fair value adjustment	(146,153)	(452,362)
	Total Investments in unquoted Equities	**617,941**	**2,656,682**

		31-Dec-25	31-Dec-24
26(a)	**Investment in unquoted - AGSMEIS**		
	Investment in unquoted - AGSMEIS	119,524	-
		119,524	**-**

		31-Dec-25	31-Dec-24
27	**Other Assets**		
	Prepayment- Stocks	400,611	199,798
	Settlement Account Balances	109,066,666	18,176,038
	Prepaid expenses	1,880,013	1,335,701
	Other Receivable	32,538,583	939,326
	Fraud & Forgeries	247,314	-
	Inventory- POS Terminals	573,130	573,132
		144,706,317	**21,223,995**
	Impairment - Other Assets (see 27.1)	(275,660)	(193,637)
	Total	**144,430,657**	**21,030,358**

* Settlement account balance represent *interbank clearing of E-channels platforms with Sterling Bank Limited.*

		31-Dec-25	31-Dec-24
27.1	**Movement in Impairment of Other Assets:**		
	Balance as at period start	193,637	193,637
	Charged for the year	82,022	-
	Balance as at period end	**275,659**	**193,637**

Notes to the Financial Statements - continued

		31-Dec-25	31-Dec-24
28	**Investment Property**		
	Cost		
	Balance as at period start	4,264,640	5,087,970
	Additions	159,438	258,392
	Reclassification	12,714,491	-
	Disposal	(5,270,811)	(1,081,722)
	Balance as at period end	11,867,758	4,264,640
	Accumulated depreciation and impairment		
	Balance as at period start	228,590	226,726
	Charges for the period	69,310	40,336
	Disposal	(87,882)	(38,472)
	Write-off	-	-
	Balance as at period end	210,018	228,590
	Carrying Amount	**11,657,740**	**4,036,050**

Investment properties consists of real estate buildings. None of the Bank's investment property has been pledged as security for debt as at 31st December 2025

Reclassification relates to capital work in progress of N8.94billion reclassified to investment property.

The fair value of the Bank's investment property at 31 December 2025 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. This excludes reclassification of N8.9 billion from work in progress during the period.

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-25	31-Dec-24
Rental income from investment property (See note 10)	21,347	-
Direct operating expenses - Maintenance of Investment Property (see note 13.1)	954	-
	22,301	**-**

		31-Dec-25	31-Dec-24
29	**Right-of use (ROU) asset**		
	Cost		
	Balance as at period start	3,590,942	-
	Additions	499,801	3,590,942
	Lease remeasurement	(1,898,485)	-
	Disposal	-	-
	Balance as at period end	2,192,258	3,590,942
	Depreciation		
	Balance as at period start	154,451	-
	Charges for the period	320,966	154,451
	Balance as at period end	475,417	154,451
	Carrying Amount		
	Balance as at period end	**1,716,841**	**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 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	**371,050.00**	**576,773.00**	**1,005,501.00**	**1,073,420.00**	**2,002,016.00**	**12,490,607.00**	**17,519,365**
Balance as at 1 January 2025	371,050	576,773	1,005,501	1,073,420	2,002,016	12,490,607	17,519,367
Additions	251,953	402,847	530,378	322,357	-	14,527,973	16,035,508
Reclassifications	45,587	215,909	45,966	-	-	(13,021,952)	(12,714,490)
Disposals	-	-	-	(46,807)	(289,193)	-	(336,000)
Balance as at 31 December 2025	**668,590**	**1,195,529**	**1,581,845**	**1,348,970**	**1,712,823**	**13,996,628**	**20,504,385**
Accumulated depreciation and impairment							
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**
Balance as at 1 January 2025	27,359	79,467	223,976	222,942	104,524	-	658,268
Charge for the period	27,958	159,208	239,538	293,966	25,389	-	746,059
Remeasurement							-
Reclassifications	(2)	-	2	-	-	-	-
Disposals	-	-	-	(38,073)	(101,067)	-	(139,140)
Balance as at 31 December 2025	**55,315**	**238,675**	**463,516**	**478,835**	**28,846**	**-**	**1,265,187**
Net book value							
Balance as at 31 December 2025	**613,275**	**956,854**	**1,118,329**	**870,135**	**1,683,977**	**13,996,628**	**19,239,198**
Balance as at 31 December 2024	**343,691**	**497,306**	**781,525**	**850,478**	**1,897,492**	**12,490,607**	**16,861,097**

i *Farm Mechanization equipments include tractors, harvesters and other equipments maintained for deployment in the farming need*

ii *No item of property,plant and equipment was pledged as security by the bank.*

iii *Reclassification includes capital work in progress of N8.94 billion reclassified to investment property.*

Notes to the Financial Statements - continued

	In thousands of Naira	31-Dec-25	31-Dec-24
31	**Intangible assets**		
	Cost		
	Balance as at period start	645,033	584,993
	Additions	892	6,090
	Reclassifications from PPE (capitalised work in progress from PPE)	-	53,950
	Balance as at period end	645,925	**645,033**
	Accumulated depreciation and impairment		
	Balance as at period start	487,594	433,901
	Charge for the period	57,072	53,693
	Balance as at period end	544,666	487,594
	Net book value		
	Balance as at period end	**101,259**	**157,439**

i *Items reclassified were from work-in-progress capitalized (from Plant, Property and Equipment schedule) during the period in respect of computer software.*

		31-Dec-25	31-Dec-24
32	**Due to other commercial banks**		
	Due to local banks - Sterling Bank Ltd	616,245	3,697,470

		31-Dec-25	31-Dec-24
33	**Deposits from customers**		
	Current accounts	158,331,872	112,064,846
	Savings accounts	30,011,754	21,111,323
	Pledged deposits	6,976,192	2,858,979
	Total Deposits from customers	**195,319,818**	**136,035,148**

i Pledged deposits represent contracted cash deposits with the Bank that are held as security for facilities granted to customers by the Bank.

		31-Dec-25	31-Dec-24
34	**Due to other financial institutions**		
	Due to Islamic Development Bank (see 34i)	11,189,623	28,527,457
		11,189,623	**28,527,457**

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.

		31-Dec-25	31-Dec-24
35	**Intervention Fund**		
	CBN Healthcare Sector	**15,380**	**36,433**

This represents CBN intervention on Health Sector funding to the real sector disbursed through Banks.

Notes to the Financial Statements - continued

		31-Dec-25	31-Dec-24
36	**Other liabilities**		
	Other Payables	3,792,047	6,044,203
	Profit Accrued- Mudaraba others	204,995	204,995
	Deferred Income	9,920,179	3,666,631
	Due to Sterling Bank	18,642,068	17,003,866
	Settlement liabilities (Clearing Suspense)	148,047,517	20,604,661
	Sundry Deposit for Collateral	3,678	6,819
	Other Taxes (see note 36ii)	169,411	138,225
	General accrual (see note i)	870,722	206,577
		181,650,617	**47,875,977**

i General accrual includes audit fees, accrued rent, provisions for performance bonus, and other accrued expenses.

		31-Dec-25	31-Dec-24
ii	**Other Taxes include:**		
	Windfall Levy- 2023 Financial Year (Note 14xi)	-	3,192
	Windfall Levy- 2024 Financial Year (Note 14xi)	-	4,256
	Information Technology Levy	135,529	104,205
	Police Trust Fund Levy	-	521
	National Agency for Science and Engineering Infrastructure Levy	33,882	26,051
	Total of Other Taxes	**169,411**	**138,225**

		31-Dec-25	31-Dec-24
37	**Lease liability**		
	As at 1 January 2025	1,580,867	-
	Additions	499,801	1,331,444
	Lease Expense	45,173	249,423
	Lease remeasurement	(384,561)	-
	Payments	(643,000)	-
	As at 31 December 2025	**1,098,280**	**1,580,867**
	Current	**-**	**74,313**
	Non-current	**1,098,280**	**1,506,554**

Lease maturity analysis

	Less than 1 year	1 - 3 years	More than 3 years	Total
As at 31 December 2025				
Lease liability	-	55,116	1,043,164	1,098,280
As at 31 December 2024				
Lease liability	74,313	1,506,554	-	1,580,867

i 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.

ii Lease remeasurement arose due to change in lease terms following recognition of the lease

		31-Dec-25	31-Dec-24
38	**Provisions**		
	Provision for guarantees and letters of credit	33,898	86,304

Notes to the Financial Statements - continued

		31-Dec-25	31-Dec-24
39	**Equity of Investment Account Holders**		
	Mudaraba deposit	121,097,574	64,696,862
	Hajj deposit	1,592,960	695,836
	Hamish Jiddiyah	5,759	22,334
	Equity of Investment Account Holders	**122,696,292**	**65,415,032**

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-25	31-Dec-24
40	**Share capital**		
i	**Authorised**	10,600,000	10,000,000
ii	**Issued and fully-paid:**		
	353,333,333 Ordinary shares of N30 each	10,600,000	10,000,000

During the period, the Bank effected a consolidation of its existing issued share capital whereby 20,000,000,000 ordinary shares of 50 kobo each were consolidated into 333,333,333 ordinary shares of ₦30 each, on the basis of one new ordinary share for every 60 existing ordinary shares held. Subsequently, additional 20,000,000 ordinary shares were issued at ₦30 per share

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-25	31-Dec-24
Balance as at period start	10,000,000	10,000,000
New issues	600,000	-
Balance as at period end	**10,600,000**	**10,000,000**

v **Share Premium**

	31-Dec-25	31-Dec-24
Balance as at period start	-	-
New issues	9,400,000	-
Balance as at period end	9,400,000	-

vi **Retained Earnings**

	31-Dec-25	31-Dec-24
Balance as at period start	566,423	1,484,349
Profit for the period	13,157,678	10,078,088
Dividend paid	-	(4,400,000)
Transfer to statutory Reserve	(3,947,303)	-
Transfers to regulatory risk reserve	(66,606)	(3,068,685)
Transfer to AGSMEIS reserves	(657,884)	(3,527,330)
Transfer of cumulative fair value gains/losses on disposal of equity instruments designated at FVOCI	98,693	-
Balance as at period end	9,151,000	566,423

vii Statutory Reserve

	31-Dec-25	31-Dec-24
Balance as at period start	3,740,569	717,143
Tranfser from retained earnings	3,947,303	3,023,426
Balance as at period end	7,687,872	3,740,569

vii Regulatory Risk Reserve

	31-Dec-25	31-Dec-24
Balance as at period start	3,138,147	69,462
Transfer from retained earnings	66,606	3,068,685
Balance as at period end	3,204,753	3,138,147

vii	AGSMEIS Reserve	31-Dec-25	31-Dec-24
	Balance as at period start	623,428	119,524
	Tranfser from retained earnings	657,884	503,904
	Balance as at period end	1,281,312	623,428

vii	Fair value Reserve	31-Dec-25	31-Dec-24
	Balance as at period start	666,349	1,502,024
	Fair value gain/(loss) for the year	(243,655)	(835,675)
	Transfer of cumulative fair value gains/losses on disposal of equity instruments designated at FVOCI	(98,693)	-
	Balance as at period end	324,001	666,349

vii	FVOCI – FGN Sukuk	31-Dec-25	31-Dec-24
	Balance as at period start	76,792	487,041
	Fair value gain for the year	98,600	(410,249)
	Balance as at period end	175,392	76,792

vii	FVOCI – Gold	31-Dec-25	31-Dec-24
	Balance as at period start	43,118	73,450
	Fair value gain/(loss) for the year	528,504	(30,332)
	Balance as at period end	571,622	43,118

vii	**Other Components of Equity**	31-Dec-25	31-Dec-24
	AGSMEIS Reserve	1,281,312	623,428
	Fair value Reserve	324,001	666,349
	FVOCI – FGN Sukuk	175,392	76,792
	FVOCI – Gold	571,622	43,118
	Balance as at period end	2,352,327	1,409,688

viii	**Profit Equalisation Reserve**	31-Dec-25	31-Dec-24
	Balance as at period start	89,366	**89,366**
	Balance as at period end	89,366	89,366

ix	**Deposit For Shares**	31-Dec-25	31-Dec-24
	Deposit for shares	-	5,000,000

Deposit for shares: The Bank had a N5b (Five Billion Naira Only) injection from the Sterling Financial Holding Company Plc in FY2024. The capital injection has been approved by Central Bank Bank of Nigeria. The shares relating to these deposits were subsequently issued during the year ended 31 December 2025.

x Dividend

In accordance with the provisions of Section 426 of the Companies and Allied Matters Act 2020, the Directors have proposed a dividend of N16.5 per share representing N5.83 billlion (31 December 2023: N4.4 billion). The proposed dividend is subject to the Central Bank of Nigeria's approval.

Notes to the Financial Statements - continued

In thousands of Naira

41 Cashflow workings

		31-Dec-25	31-Dec-24
41.1	**Cash and Cash Equivalents**		
	As at the beginning	35,710,088	60,033,957
	Decrease in cash and cash equivalents	(5,505,680)	(24,323,869)
	As at the end	30,204,408	35,710,088
41.2	**Deposits with the Central Bank of Nigeria**		
	As at the beginning	61,181,212	-
	Decrease in cash and cash equivalents	19,183,510	61,181,212
	As at the end	80,364,722	61,181,212
41.3	**Due from other commercial banks**		
	As at the beginning	13,941,000	19,987,590
	Decrease in value	(11,781,105)	(6,046,590)
	As at the end	**2,159,895**	**13,941,000**
41.4	**Investment - Commodity Stocks**		
	As at the beginning	27,055,406	8,656,992
	Impairment - Other assets	(158,091)	
	Increase in value	45,853,804	18,398,414
	As at the end	**72,751,119**	**27,055,406**
41.5	**Financing Assets - Facilities to customers**		
	As at the beginning	41,346,814	33,122,757
	Accrued financing and investing transaction income	812,883	668,271
	Impairment Reversal - Financing assets	(691,099)	26,886
	Increase in value	42,782,364	7,528,900
	As at the end	**84,250,962**	**41,346,814**
41.6	**Investment-Gold Bullion**		
	As at the beginning	2,482,471	1,828,128
	Fair value gain/(loss) on Gold Bullion	778,316	(30,332)
	Additions	6,140,686	684,675
	As at the end	**9,401,473**	**2,482,471**
41.7	**Accounts Receivable**		
	As at the beginning	1,228,998	1,436,550
	Receivable from from disposal of unquoted equity	2,390,858	
	Decrease in value	12,988,695	(207,552)
	As at the end	**16,608,551**	**1,228,998**
41.8	**Halal Portfolio Investment**		
	As at the beginning	5,355,975	4,163,533
	Fair value gain/(loss) on Halal investment	-	(68,074)
	Additions	4,496,061	1,260,516
	As at the end	**9,852,036**	**5,355,975**
41.9	**Other market instruments**		
	As at the beginning	1,081,875	-
	Impairment	(9,307)	-
	Increase in value	4,913,125	1,081,875
	As at the end	**5,985,693**	**1,081,875**

Notes to the financial statements

	In thousands of Naira	31-Dec-25	31-Dec-24
41.10	**Other Investments - Musharakah**		
	As at the beginning	4,151,119	1,353,707
	Increase in value	6,395,091	2,797,412
	As at the end	**10,546,210**	**4,151,119**
41.11	**Investment in Unquoted Equity**		
	As at the beginning	2,656,682	3,628,065
	Fair value adjustments	306,209	(971,383)
	FC revaluation	(73,617)	-
	Investment in unquoted-AGSMEIS	119,524	-
	Receivable from disposal of unquoted equity	(2,390,858)	-
	As at the end	**617,940**	**2,656,682**
41.12	**Other assets**		
	As at the beginning	21,030,358	3,086,543
	Impairment - Other Assets	(82,022)	(22,457)
	Lease remeasurement - reclassification adjustment on prepaid rent	1,513,924	
	Increase in value	121,968,397	17,966,272
	As at the end	**144,430,657**	**21,030,358**
41.13	**Investment in Sukuk**		
	As at the beginning	65,794,477	31,780,497
	Sukuk Purchased	52,371,890	54,170,250
	Sukuk Disposed	(62,528,186)	(19,800,281)
	Fair value adjustments	98,600	(335,989)
	Impairment	(29,321)	(19,632)
	As at the end	**55,707,460**	**65,794,477**
41.14	**Due To Other Commercial Banks**		
	As at the beginning	3,697,470	8,627,430
	Decrease in value	(3,081,225)	(4,929,960)
	As at the end	**616,245**	**3,697,470**
41.15	**Customer Current Deposits**		
	As at the beginning	136,035,148	71,699,146
	Increase in value	59,284,670	64,336,002
	As at the end	**195,319,818**	**136,035,148**
41.16	**Due To Other Financial Institutions**		
	As at the beginning	28,527,457	25,617,715
	Decrease in value	(17,337,834)	2,909,742
	As at the end	**11,189,623**	**28,527,457**
41.17	**Intervention Fund**		
	As at the beginning	36,433	-
	Decrease in value	(21,053)	36,433
	As at the end	**15,380**	**36,433**

Notes to the financial statements

41.18	**Other Liabilities**		
	As at the beginning	47,875,977	25,632,663
	Transfer to Sterling Bank (transfer from PPE)	-	(3,992,153)
	Accrued Returns to Investment Account Holders	1,554,431	
	Increase in value	132,220,209	25,988,388
	As at the end	**181,650,617**	**47,628,898**

41.19	**Provisions**		
	As at the beginning	86,304	6,148
	Impairment on off-balance sheet items for the period	(52,406)	80,156
	Decrease in value	-	(0)
	As at the end	**33,898**	**86,304**

41.20	**Share capital**	**31-Dec-25**	**30-Sep-24**
	As at the beginning	10,000,000	10,000,000
	Conversion from deposit for Shares	5,000,000	-
	Proceed from issue of shares	5,000,000	-
	As at the end	**20,000,000**	**10,000,000**

41.21	**Deposit for Shares**		
	As at the beginning	5,000,000	-
	Conversion to equity shares	(5,000,000)	
	Additions	-	5,000,000
	As at the end	**-**	**5,000,000**

41.22	**Unrestricted Investment Accounts**	65,415,032	36,306,688
	As at the beginning	57,281,260	29,108,344
	Increase in value	**122,696,292**	**65,415,032**
	As at the end		

41.23	**Gross income received from financing & Investment transactions**		
	As at the beginning	668,271	-
	Gross income from financing & Investment transactions for the period	55,147,431	23,131,204
	Gross income received	(54,334,548)	(22,462,934)
	As at the end	**1,481,154**	**668,271**

41.24	**Returns paid to Investment Account Holders**		
	As at the beginning	247,079	59,497
	Returns to Investment Account Holders for the period	18,135,353	8,999,697
	Returns paid to Investment Account Holders	(17,097,568)	(8,812,115)
	As at the end	**1,284,864**	**247,079**

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 2025 was N3.79 billion (30% of N12.63 billion).

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 treated as follows:

- 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 previously recognized.

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 total amount claimed against the Bank is N627.81m. The Directors having sought the professional counsels , are of the opinion that no liabilty will occur on the 9 cases against the Bank. However, the Bank has a provision of N18.5m to cover claims that may crystallize.

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-25**
Financial Guarantees	10,019,037
Letters of credit	-
Performance Bond	-
	10,019,037

Notes to the Financial Statements - continued

In thousands of Naira	31-Dec-24
Financial Guarantees	12,064,659
Letters of credit	18,533
Performance Bond	-
	12,083,193

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.

In Thousands of Naira				*31-Dec-25*
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	10,019,037	-	-	10,019,037
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
Total	**10,019,037**	**-**	**-**	**10,019,037**

In Thousands of Naira				*31-Dec-24*
	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**

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	*31-Dec-25* Total
Balance as at 1 January 2025	12,064,659	-	-	12,064,659
New exposures	9,373,226	-	-	9,373,226
Exposure derecognised or matured/lapsed (excludingwrite offs)	(11,418,849)	-	-	(11,418,849)
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	**10,019,037**	**-**	**-**	**10,019,037**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-24 Total
Transfer in 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**

Notes to the Financial Statements - continued

c. Financial guarantees- continued

In Thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-25 Total
ECL allowance as at 01 January 2025	86,242			86,242
New exposures	33,898			33,898
Exposure derecognised or matured (excludingwrite offs)	(86,242)			(86,242)
At 31 December 2025	**33,898**	-	-	**33,898**

In Thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-24 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**

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.

In Thousands of Naira	Stage 1	Stage 2	Stage 3	*31-Dec-25* Total
Internal rating grade	-	-	-	
RR1-RR2	-	-	-	-
RR3-RR4	-	-	-	-
Total	-	-	-	-

In Thousands of Naira	Stage 1	Stage 2	Stage 3	*31-Dec-24* Total
Internal rating grade	-	-	-	
RR1-RR2	-	-	-	-
RR3-RR4	18,533	-	-	18,533
Total	**18,533**	-	-	**18,533**

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	31-Dec-25 Total
Transfer in as at 01 January 2025	18,533	-	-	18,533
New exposures	-	-	-	-
Exposure derecognised or matured/lapsed (excludingwrite offs)	(18,533)	-	-	(18,533)
At 31 December 2025	-	-	-	-

In Thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-24 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	31-Dec-25 Total
ECL allowance as at 01 January 2025	62	-	-	62
New exposures	-	-	-	-
Exposure derecognised or matured (excludingwrite offs)	(62)	-	-	(62)
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	-	-	-	-

In Thousands of Naira	Stage 1	Stage 2	Stage 3	31-Dec-24 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**

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-25	31-Dec-24
Short-term benefits (wages and salaries)	4,430,799	3,825,687
Post-employment benefits (pension contributions)	220,762	159,414
Termination benefits	-	-
	4,651,561	3,985,101

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-25	31-Dec-24
Directors' fee	441,081	216,556
Other emunuments	37,000.00	37,000.0
	478,081	253,556

In thousands of Naira	31-Dec-25	31-Dec-24
(i) **Transactions with the related parties**		
Financing Assets:		
a. Murabah/Ijarah Financing	261,770	62,780

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-25	31-Dec-24
46 Cash and cash equivalents		
Cash and Bank with Other Banks	27,003,408	32,709,088
Unrestricted balances with Central Bank of Nigeria	1,000	1,000
Interbank Mudaraba – Placement	3,200,000	3,000,000
	30,204,408	35,710,088

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 Risk Management Committee (BRMC) 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 Finance and Investment Committee (BFIC) 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

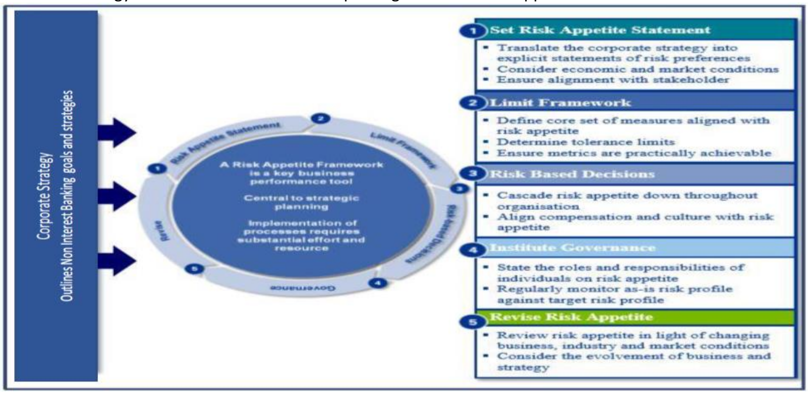
Finally, master netting arrangements for credit facilities collateralised partly with deposits are settled by set-off based on underlying set-off agreement.

(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 obligor 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 obligor;
- A breach of contract, such as a default or past due event.
- The Bank, for economic or contractual reasons relating to the obligor's financial difficulty, having granted to the obligor a concession(s) that the Bank would not otherwise consider.
- It is becoming probable that the obligor 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

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

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 Management bank (ERM). They report to the MD/Chief Executive Officer who in turn reports to the Board of Directors.

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

(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
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.

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	Grade Classification	Prudential Classification *	IFRS 9 Stage
RR -1	AAA	Investment Grade	Performing	1
RR -2	AA			1
RR -3	A			1
RR -4	BBB			1
RR -5	BB	Non-Investment Grade		1
RR -6	B		Watch list	2
RR -7	CCC		Substandard	3
RR -8	CC/C		Doubtful	3
RR -9	D		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:

Approving Authority	Non-Cash Backed (Direct lines) (N)	Cash Backed (Direct lines) (N)	Non-Cash Backed (Contingent) (N)	Cash Backed (Contingent) (N)
RBEs + DH + GH Credit Risk	Nil	500,000,000	Nil	100,000,000
EDs	≤ 250,000,000	1,000,000,000	≤ 500,000,000	≤ 2,000,000,000
MD	500,000,000	1,000,000,000	1,000,000,000	2,500,000,000
MIC	2,000,000,000	Above 1 billion subject to SOL	2,500,000,000	Above 2.5 billion
BFIC	4,000,000,000	N/A	4,000,000,000	N/A
Board	Above 4 billion	N/A	Above 4 billion	

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 and marketability. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for finance & investment facilities are:

i. Mortgages over residential properties;
ii. 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 losses, the Bank will seek additional collateral from the counterparty when there are indicators of devaluation in existing collateral value.

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 December 2025
Financial assets:	
Finance & Investments	86,042,183
Financial liabilities:	
Collaterised deposits	349,141

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	
Net financial assets/ liabilities:	
Finance & Investments	-
Collaterised deposit	

(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 2025
	In thousands of Naira	
1	Abuja	13,012,569
2	Lagos	36,416,282
3	North Central	5,782,619
4	North East	2,681,267
5	North West	16,461,153
6	South East	64,748
7	South South	2,291,288
8	South West	9,332,256
	Grand Total	**86,042,183**

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 2025
At end of year	32.17%
Average for the year	48%
Maximum for the year	80.72%
Minimum for the year	32.17%

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 2025 was 104.48%. 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 167.22% as at 31 December 2025, 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 2025

	As at 31 December 2025
Liquidity Ratio	32.17%
Net Interbank Takings / Total Deposit	0%
Financing/ Deposit Ratio	44.05%
Current and Savings Account/Total Deposit	61.42%

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 (Facilities/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.

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 2025	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	110,569,130	107,369,129	27,004,407		80,364,722		
Due from Other Commercial Banks	17	2,159,895	5,359,895	3,200,000	2,159,895			
Financing Assets	23	84,250,962	99,328,164	23,574,851	14,609,614	8,403,049	48,947,997	3,792,654
Sukuk Investments at fair value through other comprehensive income	22	27,740,874	58,093,850	-	-	-	-	58,093,850
Sukuk Investments at Amortised Cost	22	27,966,586	35,635,542	8,822,307	-	1,108,363	14,335,876	11,368,996
Equity instruments at fair value through other comprehensive income	26	617,940	617,940					617,940
Other Market Instruments	24	6,074,921	6,110,274	6,110,274				
Investment-Gold Bullion		9,401,473	9,401,473	9,401,473				
Other Investments		104,717,877	104,807,106	14,750,400	39,626,010	26,024,428	22,179,966	2,226,302
Other Assets	27	161,039,208	160,676,408	127,499,937	32,604,436	-	572,035	-
		534,538,865	**587,399,781**	**220,363,650**	**88,999,954**	**115,900,561**	**86,035,875**	**76,099,741**
Financial liabilities								
Due to Banks	34	631,625	631,625		616,245	15,380		
Deposits from customers	36	195,319,818	195,200,594	87,412,444	20,629,337	66,783,107	7,836,810	12,538,896
Due To Other Financial Institutions	37	11,189,623	11,714,687		5,311,199	6,403,489		
Other liabilities	41	183,449,741	156,804,749	148,334,928	5,226,741	1,576,021	1,667,059	-
Unresricted Mudarabah Investment Account Holders	39	122,696,292	124,447,657	117,013,983	5,528,248	1,710,535	193,449	1,442
		513,287,099	**488,799,314**	**352,761,355**	**37,311,770**	**76,488,532**	**9,697,318**	**12,540,337**
Gap (asset - liabilities)		**21,251,766**	**98,600,467**	**(132,397,705)**	**51,688,184**	**39,412,029**	**76,338,556**	**63,559,404**
Cumulative liquidity gap				**(132,397,705)**	**(80,709,522)**	**(41,297,493)**	**35,041,063**	**98,600,467**

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	2,656,682	-	-	-	-	2,656,682
Other assets	27	21,030,358	128,528,971	128,528,971				
		241,660,631	**388,767,417**	**213,152,349**	**5,464,027**	**22,179,142**	**27,360,278**	**120,611,620**
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	47,875,977	183,449,741	148,334,928	34,016,533	-	1,098,280	
Unresricted Mudarabah Investment Account Holders	39	65,415,032	78,500,778	-	-	-	-	78,500,778
		281,551,084	**433,100,263**	**191,411,955**	**64,239,745**	**63,573,400**	**35,374,385**	**78,500,778**
Gap (asset - liabilities)		**(39,890,453)**	**(44,332,846)**	**21,740,394**	**(58,775,718)**	**(41,394,258)**	**(8,014,107)**	**42,110,843**
Cumulative liquidity gap				**21,740,394**	**(37,035,323)**	**(78,429,582)**	**(86,443,689)**	**(44,332,846)**

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.

For the year ended 31 December 2025

47 Financial Risk Management - continued

Enterprise Risk Review - continued

47 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.

		RATE SENSITIVITY OF ASSETS AND LIABILITIES					
In Thousands of Naira	***Notes***	**Less than 3 months**	**3-6 months**	**6-12 months**	**1 - 5 years**	**More than 5 years**	**Total**
31 December 2025							
Due from banks	17	3,200,000					3,200,000
Financing Assets	20	22,056,913	18,048,455	7,673,846	34,517,466	1,954,282	84,250,962
- Sukuk instruments at fair value through other comprehensive income	21(b)	0	0	0	0	27,740,874	27,740,874
- Sukuk instruments at amortised cost	21(d)	8,725,334	0	988,949	11,779,226	6,473,077	27,966,586
Other Market Instruments	24	6,074,921					6,074,921
		40,057,167	18,048,455	8,662,795	46,296,693	36,168,232	149,233,342
Non-derivative liabilities:							
Due to Banks	27			15,380			15,380
Unrestricted Mudarabah Investment Account Holders	28	114,225,469	5,226,741	1,576,021	1,667,059	1,000	122,696,290
Due To Other Financial Institutions			5,029,897	6,159,726			11,189,623
		114,225,469	10,256,638	7,751,127	1,667,059		133,901,293
Total returns sensitivity gap		(74,168,302)	7,791,817	911,668	44,629,634	36,168,232	15,332,049

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)	(50,020,587)	(1,000,412)	1,000,412
from 1 to 3 months		335	0.02	(0.02)	(24,147,715)	(482,954)	482,954
from 3 to 6 months		275	0.02	(0.02)	7,791,817	155,836	(155,836)
from 6 to 12 months		185	0.02	(0.02)	911,668	18,233	(18,233)
Total					**(65,464,817)**	**(1,309,296)**	**1,309,296**

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 finance facilities, 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

The table below summarises the Bank's exposure to foreign exchange risk at 31 December 2025.

Foreign Currency Concentrations risk as at 31 December 2025

In Thousands of Naira Assets	Naira	Dollar	GBP	Euro	Others	Total
Cash and Bank Balances	92,078,198	15,140,048	664,595	2,686,288	-	110,569,130
Due from Commercial Banks	2,159,895					2,159,895
- Equity instruments at fair value through other comprehensive income	617,940		-	-	-	617,940
Financing Assets	84,149,750	101,212	-	-	-	84,250,962
- Sukuk instruments at Amortised Cost	15,884,836	12,081,750	-	-	-	27,966,586
- Sukuk instruments at fair value through other compre	27,740,874		-	-	-	27,740,874
Other assets	162,682,115	73,934	-	-	-	162,756,049
Investment-Gold Bullion	9,401,473	-	-	-	-	9,401,473
Property, plant and equipment	19,239,198	-	-	-	-	19,239,198
Intangible assets	101,259	-	-	-	-	101,259
Other Investments	109,671,539	1,121,259	-	-	-	110,792,798
Total financial assets (A)	523,727,076	28,518,204	664,595	2,686,288	-	555,596,163
Liabilities						
Due to Banks	616,245		-	-	-	616,245
Deposit from customers	180,103,190	14,663,431	247,445	305,752	-	195,319,818
Due to other financial institutions	0	11,189,623			-	11,189,623
Other Liabilities	180,322,493	3,126,503	223	522		183,449,741
Unresricted Mudarabah Investment Account Holders	119,850,903	2,845,389				122,696,292
Total financial liabilities (B)	480,892,831.09	31,824,946.58	247,667.51	306,273.82	-	513,271,719
Net financial assets/ (liabilities)	42,834,245	(3,306,742.89)	416,927.74	2,380,014.58	-	42,324,444

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET (NGN)

Currency	Dollar	GBP	Euro	Total
In Thousands of Naira				
Net On Balance Sheet Position	(3,306,742.89)	416,927.74	2,380,015	(509,800.56)
Closing Exchange Rate (Naira/Currency)	1,479.44	1,991.70	1,738	
10% Currency Appreciation (-)	1,331.50	1,792.53	1,564	
10% Currency Depreciation (+)	1,627.38	2,190.87	1,912	
Effect of 10% appreciation on Profit	330,674.29	(41,692.77)	(238,001.46)	50,980.06
Effect of 10% depreciation on Profit	(330,674.29)	41,692.77	238,001	(50,980.06)

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 2025 is represented by the net carrying amounts of the financial assets set out below:

Type of collateral or credit enhancement

31 December 2025	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	3,200,000	-	-	-	-	-	-	-	3,200,000	-
Due from other commercial banks	2,159,895	-	-	-	-	2,159,895	-	2,159,895	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-
Finance Facilities	-	-	-	-	-	-		-	-	-
- Corporate	78,908,711	307,895	28,917,937	-	13,548,904	36,133,975	-	78,908,711	-	(1,412,424)
- Individual	7,133,472	41,246	2,445,769	-	-	4,646,456	-	7,133,471	-	(378,797)
Debt instruments at amortised cost	55,707,459	-	-	-	-	-	-	-	55,707,459	-
Total financial assets at amortised cost	**147,109,537**	**349,141**	**31,363,706**	**-**	**13,548,904**	**40,780,431**		**86,042,183**	**58,907,459**	**(1,791,221)**
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	-	-	-	-	-	-	-	-	-	(3,830)
Total debt instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,830)**
Financial guarantees	10,019,037	8,404,607	-	-	-	1,614,430	-	10,019,037	-	(33,898)
Letters of credit for customers	-		-	-	-	-	-	-	-	-
	157,128,574	**8,753,748**	**31,363,706**	**-**	**13,548,904**	**42,394,862**	**-**	**96,061,220**	**58,907,459**	**(1,828,948)**

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 practices.

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 2025

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%	5,381,735,151	16,618,016,000	41,680,643,000	63,680,394,151	9,552,059,123
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						3,184,019,708
Calibrated Risk Weighted Amount (BIA)						39,800,246,344

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-25
In millions of Naira	
Tier 1 capital	
Share capital	10,600,000
Share Premium	9,400,000
Retained Earnings	9,151,000
Statutory Reserve	7,687,872
SMEEIS Reserve	-
AGSMEIS Reserve	1,281,312
Other Reserves	-
Profit Equalisation reserve	-
Tier 1 Capital Before Regulatory Deduction	38,120,184
Regulatory Deduction	
Deferred tax assets	160,873
Other intangible assets	101,259
Total Regulatory Deduction	262,132
Tier 1 Capital after Regulatory Deduction	37,858,052
Tier 2 capital: Instruments & Reserves	
Other comprehensive income	1,071,016
Eligible Tier 2 Capital	1,071,016
Total regulatory capital	**38,929,068**
Credit Risk-weighted assets	182,351,636
Market Risk-weighted assets	10,294,807
Operational Risk-weighted assets	39,800,246
Total Risk Weighted-Assets	232,446,689
Regulatory Adjustment (Regulatory Risk Reserve)	3,204,753
Adjusted Risk Weighted Assets	**229,241,936**

Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets	16.98%

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

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled as at 31 December 2025.

Maturity analysis of assets and liabilities **31-Dec-25** ***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	27,004,407		80,364,723			107,369,130
Due from Other Commercial Banks	3,200,000	2,159,895				5,359,895
Financing Assets	22,056,913	18,048,455	7,673,846	34,517,466	1,954,282	84,250,962
Sukuk instruments at fair value through other comprehensive income					27,740,874	27,740,874
Sukuk instruments at Amortised Cost	8,725,334		988,949	11,779,226	6,473,077	27,966,586
Equity instruments at fair value through other comprehensive income					617,940	617,940
Investment-Gold Bullion					9,401,473	9,401,473
Other assets	127,499,937	32,604,436	-	2,812,550	-	162,916,922
Property, plant and equipment					19,239,198	19,239,198
Intangible assets					101,259	101,259
Other Investments	20,825,322	39,626,010	26,024,428	22,179,966	2,137,073	110,792,798
Total	209,311,912	92,438,796	115,051,945	71,289,208	67,665,174	555,757,037

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 Banks		616,245	-			616,245
Deposits from customers	87,531,668	20,629,337	66,783,107	7,836,810	12,538,896	195,319,818
Due to Other financial institutions		5,029,897	6,159,726			11,189,623
Other liabilities	148,334,928	34,016,533	-	1,098,280	-	183,449,741
Unrestricted Mudarabah Investment Accounts	114,225,471	5,226,741	1,576,021	1,667,059	1,000	122,696,292
Total	350,092,067	65,518,753	74,518,854	10,602,149	12,539,896	513,271,719
Net	(140,780,155)	26,920,042	40,533,091	60,687,059	55,125,278	42,485,318

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
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
Fair value measurement hierarchy for assets & liabilities as at 31 December 2025

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Financial Instruments					
Sukuk instruments measured at FVOCI	22	27,740,874	-	-	27,740,874
Equity instruments at fair value through other comprehensive income	26	-	-	617,940	617,940
Investment in gold measured at FVOCI and FVTPL	19	9,401,473			9,401,473
Halal Portfolio Investments carried at FVOCI	21		9,852,036		9,852,036
Assets for which fair value are disclosed					
Cash & Bank balances	16	110,569,130			110,569,130
Sukuk instruments measured at Amortised Cost	22	27,966,586	-	-	27,966,586
Due from Other Commercial Banks	17	5,359,895	-	-	5,359,895
Financing Assets	23	-	-	84,250,962	84,250,962
Other market instruments carried at amortised cost	24		5,985,693		5,985,693
Liabilities for which fair values are disclosed:					
Due to other commercial banks	32	-	-	616,245	616,245
Deposits from customers	33	-	-	195,319,818	195,319,818
Due to other financial institutions	34	-	-	11,189,623	11,189,623
Unrestricted Mudarabah Investment Accounts	39			122,696,292	122,696,292

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
Investment in gold measured at FVOCI and FVTPL	19	2,482,471			2,482,471
Halal Portfolio Investments carried at FVOCI	21		5,355,975		5,355,975
Assets for which fair value are disclosed					
Cash & Bank balances	16	96,891,300		-	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	-		13,941,000
Financing Assets	23	-	-	41,346,814	41,346,814
Other market instruments carried at amortised cost			1,081,875		1,081,875
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	136,035,148
Due to other financial institutions	34	-	-	28,527,457	28,527,457
Unrestricted Mudarabah Investment Accounts	39			65,415,032	65,415,032

49 Fair Value of financial instruments - continued

In thousands of Naira Financial assets	Carrying amount Dec-25	Fair value amount Dec-25
Cash and balances with Central Bank of Nigeria	107,369,130	107,369,130
Due from banks	5,359,895	5,359,895
Financing Assets	84,250,962	70,490,933
Investment in securities:		
- Equity instruments at fair value through other comprehensive income	617,940	617,940
- Sukuk instruments at FVOCI	27,740,874	27,740,874
- Sukuk instruments at amortised cost	27,966,586	26,488,134
Total	**253,305,386**	**238,066,906**
Financial liabilities		
Deposits from banks	616,245	616,245
Deposits from customers	195,319,818	195,319,818
Due to Other Financial Institutions	11,189,623	11,451,966
Total	**207,125,686**	**207,388,029**

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 adjusted for using the accrued returns to date.

The table below sets out information about significant unobservable inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of Financial Instrument	Fair Value as at December, 2025 In thousands of Naira	Valuation technique	Unobservable Input	Range of Estimate for Unobservable Inputs (December, 2025)
Unquoted Equities	617,940	Discounted Cashflow (DCF)	Weighted Average Cost of Capital (WACC)	23.2% - 27.6%
			Terminal Growth Rate (TGR)	4% - 5%

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 2025 is as set out as below:

a

The Alternative Bank						
	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
Financial year	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**
	In millions of Naira					
Pending complaints b/f	496	105	29	2	0	-
Complaints received	133,137	126,762	62,958	33,543	74	-
Complaints resolved	133,386	126,356	62,759	33,516	74	-
Unresolved complaints escalated to CBN for intervention	-	15	-	-	0	-
Unresolved complaints pending with the bank c/f	247	496	228	29	0	-

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 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 2025 is set out below:

In thousands of Naira	**31-Dec-25**		
Product	**Count**	**Volume**	**Value**
Mastercard	3,225	253,129	16,257,609,231
Verve	94,795	9,905,327	204,743,133,306
Afrigo	20,425	13,046	160,947,168

c 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 2025.

d Fines and Penalties:

The Bank was panalized by Central Bank of Nigeria with the sum of N2m for failure to implement external auditors prior recommendation relating to finance facility to deposit ratio.

e Non-Audit Services:

During the year, the Bank's auditors, Deloitte & Touche, provided no non-audit services to the Bank.

VALUE ADDED STATEMENT

In thousands of Naira	31-Dec-25	%	31-Dec-24	%
Gross Earnings	**61,847,707**		**35,760,095**	
Returns paid to Mudarabah Investors	(18,135,353)		(8,999,697)	
	43,712,354		26,760,398	
Impairment Charges on Investments & Financing Assets	(884,214)		(10,767)	
Bought in goods and Services	(35,169,391)		(20,923,227)	
Value Added	**7,658,749**	**100**	**5,826,404**	**100**
Distributions to:				
Employees				
Salaries and other Employees Benefits	-4,700,772	-61	-4,016,138	-69
Government				
Income Taxes	395,250	5	353,627	6
Shareholders				
Dividends	-	0	4,400,000	76
Reinvestments:				
Depreciation and Amortization	-1,193,407	-16	-589,173	-10
Retained Earnings and Statutory Reserves	13,157,678	172	5,678,088	97
Total Value Added	**7,658,749**	**100**	**5,826,404**	**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 2025

In thousands of Naira	Notes	31-Dec-25	31-Dec-24	31-Dec-23
Assets				
Cash & Bank Balances	16	110,569,130	96,891,300	60,033,957
Due from Other Commercial Banks	17	2,159,895	13,941,000	19,987,590
Investment - Commodity Stocks	18	72,751,119	27,055,406	8,656,992
Investment-Gold Bullion	19	9,401,473	2,482,471	1,828,128
Accounts Receivable	20	16,608,551	1,228,998	1,436,550
Investment in Sukuk	22	55,707,460	65,794,477	31,780,497
Halal Portfolio Investment	21	9,852,036	5,355,975	4,163,533
Financing Assets	23	84,250,962	41,346,814	33,122,757
Other Market Instruments	24	5,985,693	1,081,875	-
Other Investments - Musharakah	25	10,546,210	4,151,119	1,353,707
Investment in Unquoted Equity	26	617,940	2,656,682	3,628,065
Investment in unquoted - AGSMEIS	27	-	-	
Other Assets	28	144,430,657	21,030,358	3,086,543
Deferred Tax Asset		160,873		
Investment Property	29	11,657,740	4,036,050	4,790,468
Right-of Use Asset	30	1,716,841	3,436,491	-
Property, Plant and Equipment	31	19,239,198	16,861,097	8,700,744
Intangible Assets		101,259	157,439	151,092
Total Assets		**555,757,037**	**307,507,551**	**182,720,624**
Liabilities				
Customer Current Deposits	33	195,319,818	136,035,148	71,699,146
Due to other Commercial Banks	32	616,245	3,697,470	8,627,430
Due To Other Financial Institutions	34	11,189,623	28,527,457	25,617,715
Current Income Tax Payable	14	651,566	229,853	51,053
Intervention Fund	35	15,380	36,433	-
Other Liabilities	36	181,650,617	47,875,977	25,692,160
Lease liability	37	1,098,280	1,580,867	-
Deferred Tax Liabilities	14	-	78,818	177,925
Provisions	38	33,898	86,304	6,148
Unresricted Mudarabah Investment Accounts Holders	39	122,696,292	65,415,032	36,306,688
Total liabilities		**513,271,719**	**283,563,359**	**168,178,265**
Owners' equity				
Share Capital	40(iv)	10,600,000	10,000,000	10,000,000
Share premium	40(v)	9,400,000	-	-
Retained Earnings	40(vi)	9,151,000	566,423	1,484,349
Other Components of Equity	40(vii)	13,244,952	8,288,404	2,968,644
Profit Equalisation Reserve	40(viii)	89,366	89,366	89,366
Deposit for Shares	40(ix)	-	5,000,000	-
Total equity		**42,485,318**	**23,944,192**	**14,542,359**

Statement of Comprehensive Income

In thousands of Naira	Notes	31-Dec-25	31-Dec-24	31-Dec-23
Gross Earnings		**61,847,707**	**35,760,095**	**10,210,588**
Income from Financing Operations	6	12,340,961	6,961,948	2,784,253
Income from investment in Sukuk Securities (measured using effective return rate)	6.1	10,000,620	10,539,845	2,641,994
Income from other Investing Activities	6.2	32,805,850	5,629,411	677,208
Gross income from financing & Investment		**55,147,431**	**23,131,204**	**6,103,455**
Impairment on impairment on Financing &	7	(884,214)	(10,767)	(246,747)
Net income after impairment		**54,263,217**	**23,120,437**	**5,856,708**
Returns to Investment Account Holders	8	(18,135,353)	(8,999,697)	(2,377,925)
		36,127,864	**14,120,740**	**3,478,783**
Fees and Commission income	9	4,668,565	2,903,838	1,735,495
Fees and Commission expense	9.1	(391,889)	(417,330)	(79,290)
Other operating income	10	2,031,711	9,725,052	2,371,638
Total Income		**42,436,251**	**26,332,300**	**7,506,626**
Expenses:				
Personnel Expenses	11	(4,700,772)	(4,016,138)	2,515,752
Depreciation and Amortization	12	(1,193,407)	(589,173)	114,054
Other Operating expenses	13	(22,989,144)	(11,295,274)	2,224,073
Total expenses		**(28,883,323)**	**(15,900,585)**	**4,853,879**
Profit before tax		**13,552,928**	**10,431,715**	**2,652,747**
Income tax expenses & Levies	14	(395,250)	(353,627)	(262,270)
Profit for the period		**13,157,678**	**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		(243,655)	(835,674)	1,382,640
Total items that will not be reclassified to profit or loss subsequent period		**(243,655)**	**(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		627,104	(440,581)	578,774
- Changes in allowance for expected losses		-	-	101,101
Net (losses) / gains on Sukuk instrument at fair value through other comprehensive income		**627,104**	**(440,581)**	**679,875**
Other comprehensive income / (loss) for the year net of tax		**383,449**	**(1,276,256)**	**2,062,515**
Total comprehensive income for the period		**13,541,127**	**8,801,832**	**4,452,992**
Earnings per share				
Basic Earnings per share (Naira)		37.24	30.23	

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

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Basic Information

Senior Management List

EMPLOYEE NAME	GRADE	REGULATORY/JOB ROLE
HASSAN YUSUF	MANAGING DIRECTOR	MANAGING DIRECTOR, ALTERNATIVE BANK LIMITED
GARBA MOHAMMED	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR, COMMERCIAL AND INSTITUTIONAL BANKING, MIDDLE, SOUTH AND EAST
KOREDE DEMOLA-ADENIYI	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR, COMMERCIAL AND INSTITUTIONAL BANKING, LAGOS AND WEST
FATAI TELLA	DEPUTY GENERAL MANAGER	CHIEF OPERATING OFFICER
OLUTOMI OJO	DEPUTY GENERAL MANAGER	COMPANY SECRETARY
ASHAFA AISHA	ASSISTANT GENERAL MANAGER	REGIONAL HEAD - ABUJA
KHAFIL ANIMASHAUN OLUWAFUNMILOLA	ASSISTANT GENERAL MANAGER	CX EXPERIENCE ENABLER
MOHAMMED POPOOLA ABDUL	ASSISTANT GENERAL MANAGER	DIVISIONAL HEAD, COMMERCIAL AND INSTITUTIONAL BANKING, CORE NORTH.
OKON MARKSON	ASSISTANT GENERAL MANAGER	CHIEF FINANCE OFFICER
OLUWAFEMI AKINOLA	ASSISTANT GENERAL MANAGER	CHIEF AUDIT EXECUTIVE

Branch List

S/N	Branch Name	Address	State
1	Althaven	No 27, Libreville crescent, Wuse 2, Abuja	Abuja
2	Head Office, Marina	22 Marina Lagos	Lagos
3	Lekki	Opp LCC Office, Admiralty Way, Lekki Phase 1, Lagos	Lagos
4	Bogije, Lagos	Covel Plaza, Lekki- Epe Expressway, Opposite Beachwood Estate, Lagos	Lagos
5	Altplace Yaba	320 Herbert Macaulay Way, Yaba, Lagos	Lagos
6	Zaria	1-3, Park road, Sabon Gari, Zaria, Kaduna	Kaduna
7	Lafia	Plot 11340, Lafia Millionaires Quarters, Cadastral Zone A22, Lafia LGA, Nasarawa	Nasarawa
8	France Road, Kano	8 France road, Kano	Kano
9	Ultra-Modern Market, Kano	Civic Center Ultra-modern Market, Kano	Kano
10	ATC Complex, Kaduna	ATC Complex, K3, Ahmadu Bello Way, Kaduna	Kaduna
11	Aggrey Road, Port-harcourt	Plot A-F, Block 77, Township Layout, Aggrey Road, PH, Rivers	Port-harcourt
12	Hotoro	No 140, Maiduguri Road, Opp NNPC Depot, Danmarke Hotoro, Kano	Kano
13	Mararaba	Kwadmall Shopping Complex, Mararaba, Along Abuja Keffi Road, Nasarawa	Nasarawa
14	Jos	15 Beach Road Jos, Jos North Local Govt Area, Plateau	Jos
15	Sokoto	Along Abdullahi Fodia Road, Sokoto	Sokoto
16	Aba	107 Azikiwe Rd, Aba, Abia	Abia
17	Katsina	No 34, General Hassan Usman Road, Katsina	Katsina
18	Kwari Market	20, Unity Rd (Kwari Mkt), Kano	Kano
19	Niger Street	28, Niger St, Gidan Goidie, Kano	Kano

Proxy Form

3RD ANNUAL GENERAL MEETING

I/WE, ... being a member/members of Alternative Bank Limited (the Bank/Company) hereby appoint .... of .... or failing him Mr. Muhtar Bakare or failing him Mr. Hassan Yusuf, as my/our proxy, to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held via altbank.ng/agm on 4th day of August 2026 at 10.00 a.m. or at any adjournment thereof.

Dated this........................ day of........................2026

....
Shareholder's Name

....
Number of Shares

....
Shareholder's Signature

S/N	**ORDINARY BUSINESS**	FOR	AGAINST
1	To receive the Audited Financial Statements for the year ended December 31, 2025, together with the reports of the Directors, Auditors, and the Audit Committee thereon.		
2	To declare a Dividend.		
3	To elect/ re-elect Directors.		
	a) To elect Mr. Henry Nduka Onyiah as an Independent Non-Executive Director.		
	b) To re-elect the following Directors retiring by rotation:		
	i. Mr. Muhtar Bakare		
	ii. Mr. Emmanuel Onasanya		
	iii. Mr. Yemi Odubiyi		
4	To authorize the Directors to fix the remuneration of the Auditors.		
5	To disclose the remuneration of Managers of the Company under sections 238 and 257 of the Companies and Allied Matters Act 2020.		
	SPECIAL BUSINESS		
	To consider and, if thought fit, pass the following resolution as an ordinary resolution:		
6	To approve that the Directors' Fees for the year ending 31st December 2026 be fixed at N193, 510,000.00 (One Hundred and Ninety-Three Million, Five Hundred and Ten Thousand Naira) for Non-Executive Directors until reviewed by the Company at an Annual General Meeting.		

NOTE:

I. A duly executed proxy form should be deposited at the Bank's Registered Office, 22 Marina Road, Lagos Island, Lagos, or via email at **companysecretariat@sterling.ng** and **altbankcompanysecretariat@altbank.ng** not less than 48 hours before the time fixed for the meeting.

II. For the appointment of a proxy to be valid for the meeting, the Company has made arrangements, at its cost, for the stamping of the instruments of proxy.

www.altbank.ng