



**ABBAY MORTGAGE BANK PLC**

**ANNUAL REPORT & ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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## Report of the Directors

The Directors present their report together with the audited financial statements of Abbey Mortgage Bank Plc ("the Bank") for the year ended 31 December 2024.

The Bank's financial reporting framework for the period is in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the comparative financial information.

### 1) Result

Highlights of the Bank's operating results for the year under review are as follows:

	<b>2024</b>	<b>2023</b>
	<b>₦'000</b>	<b>₦'000</b>
Profit before taxation	1,228,951	951,343
Taxation	(160,758)	(80,059)
<b>Profit after taxation</b>	<b>1,068,193</b>	<b>871,284</b>
<b>Profit for the year</b>	<b>1,068,193</b>	<b>871,284</b>
Less: appropriations:		
Transfer from/(to) regulatory risk reserve	55,837	(73,502)
<b>Net effect of operations on retained earnings</b>	<b>1,124,030</b>	<b>797,782</b>

### 2) Principal activities and business review

The principal activity of the Bank continues to be the provision of mortgage and banking services to the general public.

### 3) Legal form

The Bank, which was incorporated in Nigeria as a private limited liability company on 26 August 1991, obtained its license to operate as a Mortgage Bank on 20 January 1992, commenced business on 11 March 1992 and later converted to a public limited liability company in September 2007. On 21 October 2008, the Bank became officially listed on the Nigerian Stock Exchange. Following the approval of the Central Bank of Nigeria, the Bank changed its name from Abbey Building Society Plc to Abbey Mortgage Bank Plc on 16 January 2014.

### 4) Directors' Interests in shares and contracts

The interests of the Directors in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding as at 31 December 2024 are as follows:

S/N	Name of Directors	As at 31 December 2024 (Shares)	Percentage Holding [%]	As at 31 December 2023 (Shares)
1	High Chief Samuel Oni	NIL		NIL
2	Mr. Mobolaji Adewumi*	NIL		NIL
3	Mr. Oladipupo Adeoye*	NIL		NIL
4	Prof. Marius Umego	NIL		NIL
5	Brig-Gen. John Obasa (Rtd)	NIL		NIL
6	Mrs. Christabel Onyejekwe	50,000	0.004	50,000
7	Ms. Chika Ochonogor	427,334,872	4.21	NIL
8	Ms. Jewel Okwechime	134,064,146	1.32	134,064,146
9	Mr Obinna Ufudo	6,949,246	0.068	6,949,246
10	Mrs. Adenike Kuti	NIL		NIL

## **Report of the Directors**

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\* **Indirect holding**

Mobolaji Adewumi and Oladipupo Adeoye have indirect holding through VFD Group.

None of the Directors notified the Bank of any disclosable interest in contracts with which the Bank was involved as at 31 December 2024 (2023: Nil)

**5) Changes in Directorate**

Mrs. Adenike Kuti was appointed as an independent Non executive Director effective 1st January 2024. Her appointment was approved by the CBN on 8th March 2024.

**6) Record of directors' attendance**

In accordance with Section 284 (2) of the Companies and Allied Matters Act 2020, the Record of Directors' attendance at Directors' meetings during the financial year under review is available for inspection at the Annual General Meeting. It is also disclosed in the Corporate Governance Section of the Annual Report.

**7) Election/Reelection of Directors**

In accordance with Article 104 of the Bank's Article's of Association, Brig Gen John Obasa and Mrs Christabel Onyejekwe retires by rotation and being eligible have offered themselves for re-election

## Report of the Directors Cont'd

### 8) Substantial interest in shares

Nigerian citizens and associations held all the ordinary shares of the Bank as at 31 December 2024. No individual shareholder held more than 5% of the issued and paid up share capital of the Bank as at 31 December 2024 except the following:

**As at 31 December 2024**

Shareholder	No. of shares held	Percentage of shareholding %
VFD Group Plc	3,835,181,810	37.77
Madonna Ashib Comm. Enterprise Ltd	1,445,270,971	14.23

**As at 31 December 2023**

Shareholder	No. of shares held	Percentage of shareholding %
VFD Group Plc	3,835,181,810	37.77
Madonna Ashib Comm. Enterprise Ltd	1,679,264,202	16.54
Forte Properties & Investment Ltd	1,381,689,511	15.81

### 9) History of capitalization

The authorised, issued and fully paid up share capital are as follows:

DATE	AUTHORISED		ISSUED AND FULLY PAID		CONSIDERATION
	INCREASE (₦)	CUMMULATIV E (₦)	INCREASE (₦)	CUMMULATIV E (₦)	
1991	NIL	5,000,000	NIL	5,000,000	CASH
1992	10,000,000	15,000,000	10,000,000	15,000,000	CASH
1992	15,000,000	30,000,000	NIL	15,000,000	
1994	20,000,000	50,000,000	15,000,000	30,000,000	CASH
1996	NIL	50,000,000	20,000,000	50,000,000	CASH
1997	50,000,000	100,000,000	NIL	50,000,000	
1999	NIL	100,000,000	20,000,000	70,000,000	CASH
1999	NIL	100,000,000	8,000,000	78,000,000	BONUS
2000	100,000,000	200,000,000	22,000,000	100,000,000	BONUS
2001	NIL	200,000,000	85,000,000	185,000,000	CASH
2001	NIL	200,000,000	15,000,000	200,000,000	BONUS
2002	300,000,000	500,000,000	40,000,000	240,000,000	BONUS
2003	NIL	500,000,000	25,000,000	265,000,000	BONUS
2004	300,000,000	800,000,000	50,000,000	315,000,000	CASH
2004	NIL	800,000,000	20,000,000	335,000,000	BONUS
2005	200,000,000	1,000,000,000	25,000,000	360,000,000	BONUS
2006	500,000,000	1,500,000,000	140,000,000		CASH
2006	NIL	1,500,000,000	18,000,000	518,000,000	BONUS
2007	NIL	1,500,000,000	501,935,000	1,019,935,000	CASH
2008	2,000,000,000	3,500,000,000	1,080,065,000	2,100,000,000	CASH
2020	2,500,000,000	6,000,000,000	1,130,769,231	3,230,769,231	CASH
2021	NIL	NIL	1,846,153,846	5,076,923,077	CASH
2022	NIL	NIL	NIL	NIL	NIL
2023	NIL	NIL	NIL	NIL	NIL
2024	NIL	NIL	NIL	NIL	NIL

## Report of the Directors Cont'd

### 10) Analysis of shareholders

#### 10.1 Analysis of shareholders as at 31 December 2024

Range	Number of Shareholders	Shares Held	Percentage of shareholding %
1 - 100,000	1938	26,789,779	0.26%
100,001 - 500,000	147	34,302,282	0.34%
500,001 - 1,000,000	21	17,960,435	0.18%
1,000,001 - 50,000,000	38	326,268,681	3.21%
50,000,001 - 500,000,000	21	4,468,072,196	44.00%
500,000,001 - Above	4	5,280,452,781	52.00%
	2,169	10,153,846,154	100%

#### 10.2 Analysis of shareholders as at 31 December 2023

Range	Number of Shareholders	Shares Held	Percentage of shareholding %
1 - 100,000	1157	24,616,211	0.24%
100,001 - 500,000	144	33,804,041	0.33%
500,001 - 1,000,000	20	17,936,581	0.18%
1,000,001 - 50,000,000	35	292,556,095	2.88%
50,000,001 - 500,000,000	18	2,888,767,702	28.45%
500,000,001 - Above	3	6,896,165,524	67.92%
	1,377	10,153,846,154	100%

### 11) Donations

Donations made during the year amounted to N4,591,746 (2023:N1,550,000). No donation was made to any political organization. The beneficiaries are:

	<b>2024</b>	<b>2023</b>
	<b>₦'000</b>	<b>₦'000</b>
Nourishing Communities - Food Drive	3,592	-
STE Sponsorship	1,000	-
Radiance High School	-	50
Debra's Palace Initiative (Boy Child Conservation)	-	1,000
Full Circle Geriatric Care Services	-	500
<b>Total</b>	<b>4,592</b>	<b>1550</b>

### 12) Property and equipment

Movements in property and equipment during the year are shown in Note 22 to the financial statements.

## Report of the Directors Cont'd

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### 13) Dividend

A dividend of 4 kobo per share was declared and distributed to shareholders during the year. The total dividend payout amounted to ₦406.2 million, reflecting the Bank's commitment to delivering value to its investors. The Board is recommending a dividend of 6 kobo per share for the year ended 31st December 2024.

### 14) Employment and employees

#### Employment of disabled persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees, whether or not disabled, are given equal opportunities to develop. As at 31 December 2024 no physically challenged person was employed by the Bank (2023: Nil).

#### Employee's involvement and training

The Bank is committed to keeping employees as fully informed as possible regarding its performance and progress and seeking their views whenever practicable on matters which particularly affect them as employees.

The Bank places high premium on the development of its manpower. The Bank's expanding skill base has been extended by a range of training programmes provided for its employees whose opportunities for career development with the Bank have been enhanced.

#### Health, safety at work and welfare of employees

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

### 15) Acquisition of own shares

The Bank did not purchase its own shares during the year (2023: Nil).

### 16) Events after reporting date

There were no subsequent event which could have had a material effect on the financial position and performance of the bank as at 31 December 2024 which had not been adequately provided for or disclosed.

See note 39 for other disclosures relating to events after reporting date.

### 17) Audit committee

Pursuant to Section 404 (3) of the Companies and Allied Matters Act 2020, the Bank has an Audit Committee comprising two Directors and three Shareholders: The composition of the Committee during the year under review is as follows:

1. Mr. Adekunle Alli	- Chairman	Shareholders' representative
2. Prince (Engr.) MOT. O. Tobun	- Member	Shareholders' representative
3. Mr. Gbadebo Ajeigbe	- Member	Shareholders' representative
4 Brig-Gen John Obasa (rtd)	- Member	Director
5 Mr. Obinna Ufudo	- Member	Director

## **Report of the Directors Cont'd**

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### **18) Auditor**

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020 Messrs. PricewaterhouseCoopers have expressed their willingness to continue in office as Auditors of the Bank. A resolution will be proposed at the Annual General Meeting authorizing the Directors to determine their remuneration.

### **By order of the Board of Directors**



**GEOFF O. AMAGHEREONU ESQ**  
FRC/2013/PRO/NBA/002/00000002815  
Company Secretary/Legal Adviser  
23 Karimu Kotun Street,  
Victoria Island, Lagos.  
Date: 7 March 2025

## Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements

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In accordance with the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the financial position of the Bank at the end of the financial year and of the financial results for the year then ended.

The responsibilities include ensuring that:

- i The Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and complies with the International Financial Reporting Standards, the requirements of the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institution Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria Circulars & Guidelines for the Operations of Primary Mortgage Banks in Nigeria;
- ii Appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- iii The Bank prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- iv It is appropriate for the financial statements to be prepared on a going concern basis.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Financial Reporting Standards, the requirements of the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institution Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011, and relevant Central Bank of Nigeria Circulars & Guidelines for the Operations of Primary Mortgage Banks in Nigeria.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Bank and of its financial results.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain as a going concern for at least twelve months from the date of this statement.

**By order of the Board of Directors**



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**HIGH CHIEF SAMUEL ONI**  
FRC/2024/PRO/DIR/003/868224  
Chairman  
Date: 7 March 2025



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**MOBOLAJI ADEWUNMI**  
FRC/2021/PRO/DIR/003/00000022431  
Managing Director/CEO  
Date: 7 March 2025

## Statement of Corporate Responsibility for the Financial Statements

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In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the Bank for the year ended 31 December 2024 and based on our knowledge confirm as follows:

- a. The 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.
- b. The 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 bank as of and for the period ended 31 December 2024.
- c. The bank's internal controls have been designed to ensure that all material information relating to the bank is received and provided to the Auditors in the course of the audit.
- d. The banks internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2024.
- e. That we have disclosed to the bank's Auditors and the Audit Committee the following information:
  - (i) There are no significant deficiencies in the design and operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarize and report financial data and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.
  - (ii) There is no fraud involving management or other employees which could have any significant role in the bank's internal control.
- f. There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

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**MOBOLAJI ADEWUMI**  
FRC/2021/PRO/DIR/003/00000022431  
Managing Director/CEO  
Date: 7 March 2025

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**OLUWATOMI OLURINOLA**  
FRC/2021/PRO/ICAN/001/00000025175  
Financial Controller  
Date: 7 March 2025

# Corporate Governance Report

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## **Introduction**

Abbey Mortgage Bank Plc recognizes the fact that effective governance system is essential to retaining public trust and confidence in the way and manner we do our business. Our governance policies are structured to ensure maximum compliance with the provisions of the various laws and codes on the subject.

These include the Central Bank of Nigeria Code of Corporate Governance of May 2014, the SEC Code of Corporate Governance dated 1 April, 2011, Nigerian Code of Corporate Governance, 2018, the Post Listing requirements of Nigerian Exchange Group (NGX) together with the amendments thereto, our internal Code of Corporate Governance and international best practices.

Abbey's Code of Corporate Governance is targeted at achieving the highest standards of transparency, accountability and good corporate behaviour in line with international best practices. The governance structures and processes are primed for the satisfaction of the various stakeholders including employees, shareholders, creditors, host communities and regulatory authorities.

Abbey's corporate ethos include accountability, transparency, integrity, fairness, discipline, communication, social and environmental responsibility, service excellence, responsible lending and stakeholder-rights' recognition. Directors and employees are expected to act honestly, in good faith and in the best interest of the Bank in all transactions.

The governance structure of the Bank is driven principally by the Board of Directors, whose members are equipped with the requisite academic qualifications and relevant industry experience and tools to discharge their roles in the Bank. The governance policies adopted by the Board are designed to ensure long-term shareholder value. It is the primary responsibility of the Board to deliver sustainable shareholders' wealth through its oversight functions.

## **Meetings of Shareholders**

The general meeting of the Bank remains the highest decision-making organ and the primary avenue for interaction between the shareholders, Management and the Board. Annual General Meetings are conducted in an open manner allowing for free discussions on all issues on the agenda and in accordance with the provisions of the Companies and Allied Matters Act 2020, and the Articles of Association of the Bank. Venues for such meetings are always easily accessible.

## **Audit Committee**

The Statutory Audit Committee is established in line with Section 404 (5) of the Companies and Allied Matters Act 2020. The Committee during the year comprised five members – Three members representing the shareholders and elected at the Annual General Meeting and two Non-Executive Directors. The Committee meets at least four times a year but could also meet at any other time should the need arise to enable it discharge its statutory duties as provided under the Act. The membership of the Committee during the year under review was as follows:

## Corporate Governance Report

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### Board of Directors

During the year under review, the Board was made up of a Non-Executive Chairman, five (5) Non-Executive Directors, two (2) Executive Directors and two (2) Independent Non- Executive Director. Appointment to the Board is made by the shareholders at the Annual General Meeting upon recommendation by the Board of Directors.

The Board is accountable and responsible for the affairs of the Bank by ensuring that its operations at all times are carried out within the legal and regulatory framework. The Board's responsibilities and duties include, but are not limited to, defining the Bank's business strategic goals, formulating effective risk management policies, leadership, enterprise, integrity and judgment in directing the Bank so as to achieve continuing prosperity and to act in its best interest in a manner based on transparency, accountability, good corporate governance and equity. The Board meets at least once every quarter but may hold other sessions to address urgent matters requiring its attention. Its oversight functions are performed through the following Committees:

- Board Credit & Risk Management Committee
- Board Audit & Compliance Committee
- Board Strategy & Financial Analysis Committee
- Board Governance & Remuneration Committee

The Committees of the Board were constituted as follows during the year under review:

### Board Credit & Risk Management Committee

Mrs Adenike Kuti	Chairman
Mr. Mobolaji Adewumi	Member
Mr. Oladipupo Adeoye	Member
Mr. Obinna Ufudo	Member

### Board Strategy & Financial Analysis Committee

Mr Obinna Ufudo	Chairman
Mrs Christabel Onyejekwe	Member
Ms Jewel Okwechime	Member
Mr. Mobolaji Adewumi	Member
Mr. Oladipupo Adeoye	Member

### Board Governance & Remuneration Committee

Mrs Christabel Onyejekwe	Chairman
Prof. Marius Umego	Member
Brig-Gen John Obasa (rtd.)	Member
Ms Chika Ochonogor	Member
Ms Jewel Okwechime	Member

### Board Audit & Compliance Committee

Chika Ochonogor	Chairman
Mrs. Adenike Kuti	Member
Prof. Marius Umego	Member
Brig-Gen John Obasa (Rtd)	Member

## Corporate Governance Report

### Frequency of Board and Board committee meeting

Provided below are details of Board and Board Committee meetings held in 2024 showing the frequency of the meetings and attendance of members.

KEY: P = Present R = Retired

AWA = Absent with apology

#### Board meetings

S/N	Members	7-Mar-24	23-Apr-24	23-Jul-24	22-Oct-24	13-Dec-24
1	High Chief Samuel Oni	P	P	P	P	p
2	Mr. Mobolaji Adewumi	P	P	P	P	p
3	Mr. Oladipupo Adeoye	P	P	P	P	p
4	Prof. Marius Umego	AWA	AWA	P	P	p
5	Brig-Gen John Obasa (rtd)	P	P	P	P	p
6	Mrs Christabel Onyejekwe	P	P	P	P	P
7	Ms Jewel Okwechime	P	P	P	P	p
8	Ms Chika Ochonogor	P	P	P	AWA	p
9	Mr Obinna Ufudo	P	P	AWA	P	p
10	Mrs. Adenike Kuti	P	P	P	P	p

#### Strategy and Financial Analysis Committee

S/N	Members	19-Apr-24	17-Jul-24	16-Oct-24	5-Dec-24
1	Mr. Obinna Ufudo	P	P	P	P
2	Ms Jewel Okwechime	P	P	P	P
3	Mrs Christabel Onyejekwe	P	P	P	P
4	Mr. Mobolaji Adewumi	AWA	P	P	P
5	Mr. Dipo Adeoye	P	P	P	P

#### Governance and Remuneration Committee

S/N	Members	4-Apr-24	4-Jul-24	3-Oct-24	3-Dec-24
1	Mrs Christabel Onyejekwe	P	P	P	P
2	Prof. Marius Umego	P	P	P	P
3	Ms Jewel Okwechime	P	P	P	P
4	Ms Chika Ochonogor	P	P	P	P
5	Brig-Gen John Obasa (rtd)	P	P	P	P

#### Credit and Risk Management Committee

S/N	Members	16-Apr-24	12-Jul-24	11-Oct-24	6-Dec-24
1	Mrs Adenike Kuti	P	P	P	P
2	Mr Obinna Ufudo	P	P	P	P
3	Mr. Mobolaji Adewumi	P	P	P	P
4	Mr. Dipo Adeoye	P	P	P	P

#### Audit and Compliance Committee

S/N	Members	29-Feb-24	9-Apr-24	10-Jul-24	8-Oct-24	6-Dec-24
1	Ms. Chika Ochonogor	P	P	P	P	P
2	Professor Marius Umego	P	P	P	P	P
3	Brig-Gen John Obasa (rtd)	P	P	P	P	P
4	Mrs. A. Kuti	P	P	P	P	P

#### Statutory Audit Committee

S/N	Members	5-Mar-24	30-Jul-24	24-Oct-24	16-Dec-24
1	Mr. Adekunle Alli	P	P	P	P
2	Eng. M.O.T. Tobun	P	P	P	P
3	Mr. Gbadebo Ajeigbe	P	P	P	P
4	Brig-Gen John Obasa (rtd)	P	P	P	P
5	Mr Obinna Ufudo	P	P	P	P

## Corporate Governance Report

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### Directors' Profile

#### High Chief Samuel Oni

High Chief Samuel Oni is a Fellow of both the Association of Certified and Chartered Accountants London [1980] and the Institute of Chartered Accountants of Nigeria. He holds an MBA degree from the University of Ilorin. [1990] He started his professional career as Principal Accountant at Defense Industries of Nigeria in 1979. In 1982, he joined Kwara Breweries as Chief Accountant, from where he joined a World Bank Project, Kwara State Agricultural Program as Financial Controller. He transferred his services to the Central Bank of Nigeria in 1993 as Assistant Director. Upon the completion of several on-the-job training sessions in and outside Nigeria, he was given the role of Team Leader for on-site examination of both commercial and merchant banks. He successfully led many teams to various banks for routine, maiden and special examinations. His reports received several commendations from the management of CBN. In recognition of his hard work and diligence, he was promoted to Deputy Director in 1998. In April 2004, he was appointed Director of Bank Examination, a position he held till 2009 when he was appointed Director of Banking Supervision. He was also Chairman of the Committee set up by the CBN to midwife the establishment of Asset Management Corporation of Nigeria (AMCON). He retired from CBN in 2011. Since then, he has been in private business and consultancy services. He also sits on the Board of United Bank for Africa Plc. His core competences include Risk Management, Audit, Regulatory Compliance and Corporate Governance.

#### Mr. Mobolaji Adewumi

Mr. Mobolaji Adewumi is an experienced professional with a deep knowledge of the financial services industry. He possesses extensive working knowledge of sub-Saharan Africa. He obtained his MBA (specializing in Finance) from Judge Business School, University of Cambridge, UK and his BSc in Management and Accounting from the Obafemi Awolowo University, Ile-Ife. He became a Chartered Accountant (ACCA) in 2007. He worked for KPMG as Audit Senior between 2006 to 2009 before joining UBA in 2009 to 2011 where he worked in various capacities. He also worked for Africa Finance Corporation, Egon Zehnder International London Office and Fairtrade International before joining Aso Savings and Loan Plc as Special Adviser to the MD/CEO & Head, Strategy between 2012 to 2015. He later moved to First Bank of Nigeria Limited where he was Special Assistant to the MD/CEO between 2016 to 2019.

#### Mr. Oladipupo Ayodele Adeoye

Oladipupo Ayodele, Adeoye is a graduate of Civil Engineering from the Federal University of Technology, Akure. He has participated in various training and professional courses in Nigeria and overseas. His competencies include Treasury Management, Banking Operations, Fixed Income Trading, Private Equity and Impact Investing. His banking career spans over fourteen years with stints at Access Bank, Heirs Holdings, United Bank for Africa and VFD Group Plc. Presently, he is an Executive Director, Operations and Treasury at Abbey Mortgage Bank Plc.

#### Professor Marius N. Umego

Professor Marius N. Umego is a Professor of Geophysics. He is a graduate of the University of Ibadan where he obtained a BSc in Physics. He bagged his MSc and PhD in Geophysics from Ahmadu Bello University. He is a prolific academic and author of many books and articles published in reputable journals. He is a member of many professional bodies both locally and internationally including Fellow of International Programme in Physical Sciences, Uppsala, Sweden and fellow of the Nigerian Institute of Physics

#### Brigadier-General John Obasa (rtd)

Brigadier-General John Obasa (rtd) is a retired Army Officer who had held many command positions. He was also an instructor at the Nigeria Military School, Zaria and he rose to the position of Director, Nigerian Army Archives, and Director, Research and Development Defense Industries Corporation, Kaduna, among others. He obtained his MSc in Geographic Information System from the University of Ibadan and his BSc in Biochemistry from the University of Ilorin. Brigadier-General Obasa (rtd) is a frequent public speaker and major influencer on the improvement of education in the Nigerian Army and Nigeria at large.

#### Mrs. Christabel P. Onyejekwe

Mrs. Christabel P. Onyejekwe is a seasoned banker with over 30 years' experience garnered from various banks and financial institutions such as United Bank for Africa Plc, First Bank of Nigeria Limited, Magnum Trust Bank among others. Her core competence include Corporate Strategy, Treasury Management, Performance Evaluation and Information Technology. She retired from the Nigeria Inter-Bank Settlement Systems (NIBSS) as an Executive Director. She holds an MBA in Banking & Finance from ESUT Business School (1988) and LL.B (Hons) from University of Lagos (1985). She also has certificates in Corporate Level Strategy from Harvard Business School (2016) and Global Management from INSEAD Business School Spain (2014-2015) to mention but a few.

## Corporate Governance Report

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### **Ms. Jewel N. Okwechime**

Ms. Jewel N. Okwechime hold a Btech degree from Halton College, Cheshire, England and M.Eng in Chemical and Bio-Process Engineering from the University of Surrey, Guilford, England. Her core competencies include Environmental Engineering, Project Management, Risk Management, Sustainability Business Development and Performance Optimization. She was Senior Environmental Consultant at Atkins Global, Warrington UK, Senior Environmental Adviser, Worldwide Energy, Western Australia, Director, J&R Environmental Services, London, UK. She is the Managing Director, Deltic Africa.

### **Ms. Chika Ochonogor**

Ms. Chika Ochonogor is a dual-qualified lawyer with over 15 years' experience in both private and corporate practice. She is a self-motivating team player with strong leadership, communication, and negotiating skills. Her professional stints cuts across Unilever Limited, UK, Aluko & Oyebode, Lagos, Edwards Wildman Palmer, London, UK, among others. She holds an LLB from the University of Kent Canterbury and a Masters in International Business Law from the University of Toulouse, France. Presently, she is the Lead Consultant at Filament Consulting, Lagos.

### **Obinna C. Ufudo**

Obinna C. Ufudo is a multi-sector management professional with extensive Board level experience. His 30 years post graduate work experience spans across banking, organizational set-up, financial strategy, professional management and corporate turnaround. He holds a Bsc. degree in finance from Enugu State University of Technology, MBA from the University of Navara, Spain and Msc. in International Securities Investment & Banking from the University of Reading, UK. He was the President/CEO of the Transnational Corporation of Nigeria (Transcorp). He is the Chairman of Atiat Limited as well as Chairman of Loan Book Limited

### **Adenike Kuti**

Mrs Adenike Kuti is a Chartered Accountant and Corporate Finance Professional. Her experience cuts across business development, mergers & acquisitions, and investment banking. She obtained her first degree in accounting from the University of Lagos, and further obtained a master's degree in Finance and Investment with First Class Honors from the Nottingham University Business School. She also holds an MBA from the University of Oxford.

She has at various times worked for Leapfrog Investments Limited, Africa Finance Corporation, KPMG and Vetiva Capital Limited. As an Associate Director of Leapfrog Investments, she structured, executed, and managed its investment portfolio of 350m USD in Ghana, Kenya and Nigeria. She is the founder of Oakheirs Limited which played a pivotal role in the merger of CAP Plc and Portland Paints Plc. She also sits on the Board of E-finance Limited as a Non-Executive Director

## Corporate Governance Report

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### **Executive Management Committee**

The Executive Management Committee comprises all senior executives from the rank of General Manager and above and is chaired by the MD/CEO. The Committee meets every two weeks or such other times as the business exigencies of the Bank may require. It has the primary responsibility of implementing the strategies approved by the Board, providing leadership to the Management Team and ensuring efficient deployment and management of the Bank's resources.

Its membership comprises the following:

1 Mr. Mobolaji Adewumi	Managing Director/CEO
2 Mr. Oladipupo Adeoye	Executive Director, Operations
3 Mrs. Lolita Ejiofor	Group Head, IT & Resources
4 Geoff O. Amaghereonu	Company Secretary/Legal adviser

### **Human Resources**

Abbey strives to be an employer of choice. The bank operates the "equal opportunity" principle. There is no gender or religious bias. There is no discrimination against physically-challenged persons or persons living with HIV/AIDS. Staff training and development have been our watchword and a number of senior staff have participated in international and national workshops and seminars, whilst there are regular in-house training sessions tailored to our specific needs covering all levels of staff.

The bank strives hard to provide a safe and secure atmosphere for all its stakeholders. Various measures are in place to ensure a peaceful, friendly and conducive environment for all to transact business. All employees are adequately insured against health and occupational hazards, whilst medical facilities or alternatives are offered to all staff.

### **Corporate Social Responsibility**

Abbey has always maintained a high level of social responsibility, with a strong desire to positively impact the host community. Our mission to provide affordable housing finance to enable people own their own homes stems from our dream to fulfill this social responsibility. We continuously engage in charitable acts to help the less privileged, such as sponsoring events for sick and physically handicapped children admitted into orthopedic wards or those afflicted with Down syndrome.

### **Sustainable and Environmental Issues**

Abbey conducts its business in a manner that protects the health and safety of all stakeholders. The Board and Management pay particular attention to ensuring that we continually strive to improve occupational health and safety performance, through close cooperation between management, employees and developers/customers, where applicable. We are therefore very delighted to report that last year there were no recorded cases of incidents in our operations.

We will always strive to ensure safe working conditions, equipment and work sites where applicable. We will continue to promote employee involvement and accountability in identifying, preventing and eliminating hazards and risks of injury.

### **We are committed to:**

- Incorporating Organizational Health and Safety (OH&S) considerations into all aspects of our management practices;
- Managing operations to meet all applicable OH&S laws and regulations and Bank policies;
- Identifying and assessing potential injury risks and implementing appropriate measures to eliminate or control those risks if any;
- Establishing, communicating and enforcing, through employee involvement, work site-specific rules and safe work methods;
- Promoting and developing safe behaviours, awareness, leadership and accountability of our employees in health and safety through their involvement in continual improvement processes;
- Measuring our health and safety performance in accordance with established standards;
- Ensure that all our financed projects meet legal and group environmental, health and safety requirements;
- Ensure that management systems are effective in maintaining standards and fulfilling the challenge of securing continuous improvements in environmental, health and safety performance;

## Corporate Governance Report

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- Ensure accountability by holding corporate management and senior executives responsible for Environmental, Health and Safety (EHS) performance;
- Provide financial and human resources to allow EHS to be given an appropriate level of priority in our financed projects;
- Ensure that all our financed projects incorporate best practice and promote innovation through the operation of our financed customers to eliminate or minimize risks to health, safety and the environment;

Our employees share in this responsibility and are accountable for the successful implementation of this policy. Management is empowered to curtail operations, as necessary, to prevent serious adverse impacts on health, safety and environmental issues.

### **Employment and Labour Relations**

Abbey continues to strive to entrench fair labour practices. Workers are given adequate training to assist them in the performance of their duties. Abbey complies with extant labour laws. There is no discrimination against women in any form. Men and women on the same level enjoy equal remuneration. The Bank applies the acceptable rules governing the treatment of female workers during pregnancy and maternity leave.

### **Human Rights**

In consonance with the provision of the Nigerian Constitution and the Universal Declaration of Human Rights, Abbey respects the fundamental human rights of its workers. Fair work practices and policies have been entrenched.

### **Forced or Compulsory Labour**

In its engagement with developers, contractors and service providers, the Bank ensures that there is no forced labour or compulsory labour in any form. Child labour is not tolerated.

### **Whistle Blowing Policy**

An important aspect of accountability and transparency is a mechanism to enable individuals to voice concerns in a responsible and effective manner. In furtherance of this Abbey has a policy detailing the mechanisms for whistle blowing.

### **Disclosure may be made through:**

Email: [whistleblowing@abbeymortgagebank.com](mailto:whistleblowing@abbeymortgagebank.com)  
Dedicated telephone line: 0708 398 5266

### **Bribery and Corruption Policy**

Abbey is committed to conducting her business fairly, honestly and lawfully. The Bank has a zero tolerance approach to bribery and corruption and insists on the same standard for those with whom it does business. The anti-corruption procedures are encapsulated in the Bribery and Corruption policy. The whistle blowing mechanisms are available for any person who wishes to lodge a report on bribery and corruption.

### **Security Trading Policy**

In compliance with Rule 17-15 on Disclosure of Dealings on Issuer's Shares, Rulebook of the Nigerian Exchange Group, the Bank has a Security Trading Policy (STP) which governs the trading of the Bank's securities by related parties. This policy is being adhered to.

### **Free Float Declaration**

Abbey Mortgage Bank Plc with a free float percentage of 21.85% as at 31 December 2024, is now compliant with the Nigerian Exchange' Group's free float requirements for companies listed on the Main Board.

### **Complaints Management Policy**

In compliance with the requirement of the Securities and Exchange Commission Rule circulated, the Bank has in place Complaints Management Framework. This policy has been put in place and is being adhered to.

### **Board Evaluation**

During the year under review, a Board Performance Evaluation was carried out. The performance of the Board and individual members was adjudged satisfactory.

### **Remuneration Policy**

The Bank's Remuneration Policy provides a guide for compensation of Board members and Staff.

It provides clarity on the metrics to be adopted in determining compensation at the various levels taking cognizance of the need to ensure competitiveness and Motivation.

### **Remuneration of Non- Executive Directors:**

The Non- Executive Directors are entitled to an annual fee and sitting allowance for Board and Board committee meetings.

## Board Evaluation Report



HC: 653567

IoD Centre for Corporate Governance

February 28, 2025

### **REPORT OF THE INDEPENDENT EXTERNAL CONSULTANTS ON BOARD EVALUATION OF ABBEY MORTGAGE BANK PLC FOR THE YEAR ENDED 31 DECEMBER 2024**

IoD Centre for Corporate Governance (IoDCCG) was appointed to undertake an independent external evaluation of the Board of Directors of Abbey Mortgage Bank Plc. ("Abbey Mortgage Bank", "the Bank") for the year-ended 31st December 2024 in line with the provisions of **Section 2.8 of the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Primary Mortgage Banks in Nigeria ("the CBN Guidelines")**, and **Principle 14.1 of the Nigerian Code of Corporate Governance, 2018 (NCCG)**. The evaluation entailed a comprehensive review of the Bank's corporate and statutory documents, the Minutes of Board and Committee meetings, policies currently in place, other ancillary documents made available to us, responses to Board and Peer Review Surveys administered to Directors.

We carried out the assessment focusing on eight key themes (including the Company Secretariat) and their subsets. These key areas are Board Structure and Composition; Strategy and Planning; Board Functioning and Effectiveness; Monitoring, Measuring and Reporting Performance; Assurance (Risk Management, Audit, Internal Controls and Compliance); Sustainability and Good Corporate Citizenship; Transparency and Disclosure; and Individual Directors Assessment. These focus areas are all derived from the 28 principles relevant to Board Evaluation as contained in NCCG 2018 and other relevant statutes used for benchmarking.

The Bank has five committees namely; Board Audit & Compliance Committee; Credit and Risk Management Committee; Strategy & Financial Analysis Committee; Governance & Remuneration Committee, and Statutory Audit Committee (Section 9.2 of the SEC Corporate Governance Guidelines). The Board committees efficiently support the Board in its oversight responsibility of the Bank's operations and compliance with the Nigerian Code of Corporate Governance, 2018, the SEC Corporate Governance Guidelines, and the CBN Corporate Governance Guidelines, 2023.

The Board of Abbey Mortgage Bank demonstrates commitment to good corporate governance practices and compliance with the provisions of the Nigerian Code of Corporate Governance, 2018, the SEC Corporate Governance Guidelines, and the CBN Corporate Governance Guidelines, 2023. We observed some areas requiring improvements, and these will be communicated to the Board of Directors. We are confident that the Board will address these observations as the Bank transitions into a regional commercial bank.

Details of our key findings and recommendations are contained in our Report.

Yours faithfully

**For: IoD Centre for Corporate Governance**

**Nerus Ekezie, MBA, MNIM, FIMD, FIMC, FIMS (UK)**

Chief Executive Officer

FRC/2024/PRO/NIM/002/560573

**BOARD OF GOVERNORS:** Mr. Oluwole Kabi Eke, MFR, FICD (Chairman), Mr. Sawadato Akint, Mr. Tolu M. Makyele, Mrs. Glayem Ojedyi, Mrs. Elizabeth Wright, Mr. Aksh L. Mankube, Mr. Thus Ogun, Mrs. Rosalee J. Mwangi, Mr. Rade-Nerus Buzle

**IoD Centre for Corporate Governance**

20, Cavendish Road, Lagos, Lagos

Tel: +234 202 782 7814

E-mail: [info@iodccg.com](mailto:info@iodccg.com)

Website: [www.iodccg.com](http://www.iodccg.com)

**PARTNERS:**



Member of the  
IoD Group

# Enterprise risk management policy

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## 1. Enterprise Risk Review

Abbey Mortgage Bank Plc (the “Bank”) has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes and procedures. The evolving nature of risk management practices and the dynamic character of the mortgage banking industry necessitate regular review of the effectiveness of each enterprise risk management component.

The Bank operates an “Enterprise-wide” Risk Management Framework with the objective of managing all aspects of risk within the organisation. The Bank’s operations require identification, measurement, aggregation and effective management of risks and efficient utilisation of capital to derive an optimal risk and return ratio. Risk management is at the core of the operating structure of the Bank.

The Bank is exposed to various categories of risk, amongst which are credit, liquidity, capital, operational, regulatory, reputational, legal, information and cybersecurity, compliance, and strategic risks. To aid management of these risk, the Bank has developed an effective enterprise risk management framework that allows us to balance the level of risk taken with our business objectives to achieve sustainable and consistent performance over the long term.

The Board of Directors (the “Board”) determine the Bank’s set objectives in terms of risk by issuing risk policies which guides the Bank’s daily operation in terms of assuming risks against expected rewards. These risk policies are detailed in the Enterprise Risk Management Framework. This framework is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective and efficient manner.

The Bank will continue to adopt an enterprise-wide and integrated approach to risk management. Our risk profile will be managed to ensure that specific financial deliverables remain possible under a range of adverse business conditions. The risk management process has continued to achieve desired results as evidenced by improved risk ratios and independent risk ratings. The Bank’s Risk Management group is continuously evolving and improving, given the context that all market developments, those of extreme nature, need to be anticipated always.

Executive Management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of asset quality, liquidity and capital as well as managing the risk portfolios.

The Bank’s approach is to provide direction on:

- Understanding the principal risks to achieving organisation strategy;
- Establishing risk appetite; and
- Establishing and communicating the risk management framework.

The process is then broken down into five steps: identify, assess/measure, control, report and In addition to supporting transaction decisions, the measurement and control of credit, market, operational and other risks have considerable influence on the Bank’s strategy.

## 2 Risk Appetite

Risk appetite is defined as the level of risk that the Bank is prepared to sustain whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented. It sets the quantum and types of risk that the Bank is prepared to take on the basis of its risk management competencies, strategy and core values by relating the level of risk the Bank decides to take to the level of capital required to support it. The risk appetite of the Bank is ultimately approved by the Board.

Abbey Mortgage Bank Plc embraces a moderate risk appetite in delivering upon strategic objectives. The risk appetite is derived using quantitative and qualitative criteria and is regulated by limits and thresholds. These metrics aid in reaching our financial targets and guiding the Bank’s profitability. We are committed to maintaining a moderate risk profile, which has been cascaded in a measurable manner to all risk categories and constantly being managed based on an integrated risk management framework to provide one integrated view of the Bank’s risk profile

# Enterprise risk management policy

Taken as a whole, risk appetite provides a basis for the allocation of risk capacity across the Bank's business lines.

### 3 The Bank Risks Scope

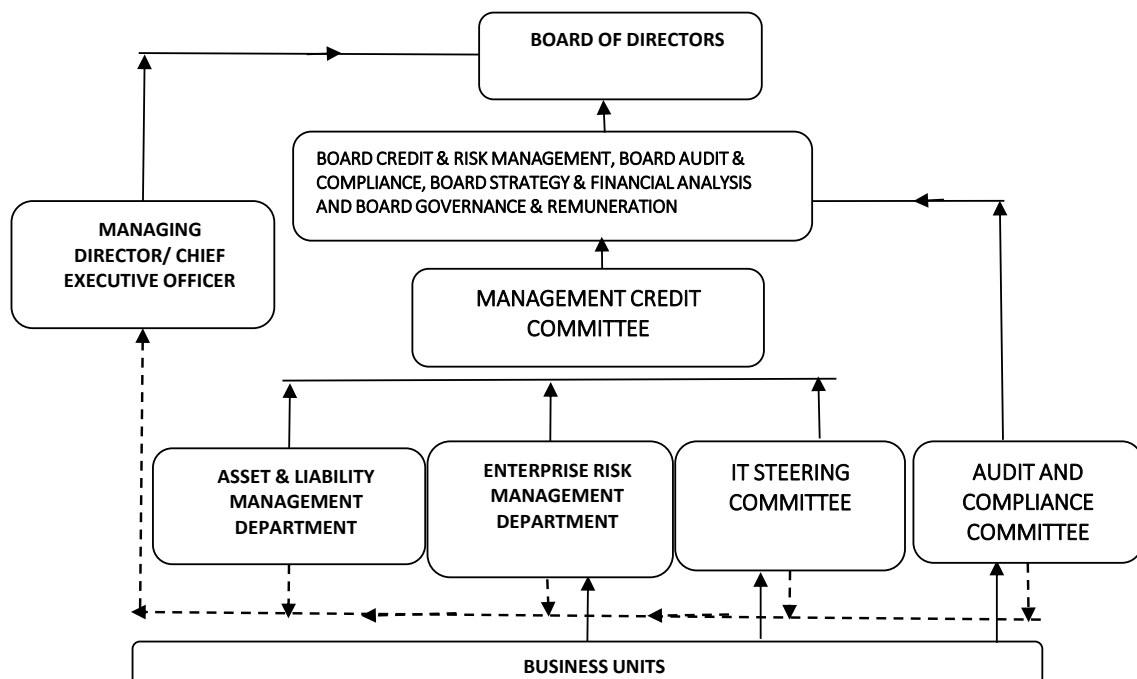
- Credit Risk
- Capital Risk
- Operational Risk
- Liquidity and Funding Risk
- Information and Cyber security Risk
- Regulatory & Compliance Risk
- Legal Risk
- Reputational Risk
- Strategic Risk

### 4 Board and Management Committees

The Board has ultimate responsibility for the Bank's risk organisation and for ensuring satisfactory internal control. It carries out its oversight function through its standing committees. Each has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

The Management committees which exist in the Bank include: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Assets & Liabilities Committee (ALCO), Audit and Compliance Committee (ACC) and Information Technology Steering Committee (ITSC). Without prejudice to the roles of these committees, the full Board retains ultimate responsibility for risk management.

#### Risk Management Control Structure



## Enterprise risk management policy

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Responsibility for risk management resides at all levels within the Bank, from the Board of Directors and the Executive Management Committee down through the Bank to each business manager.

The Bank distributes these responsibilities so that risk/return decisions are taken at the most appropriate level; as close as possible to the business, and subject to robust and effective review and challenge. The responsibilities for effective review and challenges reside with senior managers, risk oversight committees, internal audit, the independent risk function, the Board Audit & Risk Committee and, ultimately, the Board of Directors.

The Board is responsible for approving risk appetite, which is the level of risk it has chosen to take in pursuit of its business objectives. The Head of Risk regularly presents a report to the Board Credit & Risk Committee summarising developments in the risk environment and performance trends in the key portfolios. The Board is also responsible for the Internal Control and Assurance Framework (Control Framework). It oversees the management of the most significant risks through the regular review of risk exposures and related key controls. Executive management responsibilities relating to this are set via the

Responsibilities of Board Committees involved with risk governance include:

- i. Monitor the organisation's risk profile against the agreed appetite. Where actual performance differs from expectations. The actions being taken by the management are reviewed.
- ii. Review the system in place for monitoring risk, internal controls and compliance with applicable regulations and also review the integrity, reliability and accuracy of accounting and financial reporting systems in the Bank.
- iii. Develop specific strategies that will help the Bank achieve its vision of being the leading Mortgage Bank out of Africa.
- iv. Ensure that governance principles are well communicated and internalised by all in the Bank.

A number of the Board committees have delegated specific responsibilities to management committees.

### **Enterprise Risk Management Committee (ERMC)**

The Risk Management Committee (RMC) has oversight responsibility for all risk categories in the Bank.

#### **Responsibilities:**

- Recommend that the Board approve the methodology of calculating the level of risk and allocation of limits based on recommendations of Risk Management.
- To review the Risk Framework on an annual basis.
- Receive and review monthly reports on the Bank's Risk Profile, including the Top 10 Inherent Risks, the Top 10 Residual Risk after Controls, and the associated management actions resulting from the review.
- Receive and review half yearly reports on Business Continuity Management and Disaster Recovery Planning, including internal and external benchmarking, and test preparation results,
- Receive and review monthly Risk Reports covering losses, near misses, abnormal gains/profits, reputation risk, quantification of operational risk and capital.
- Act as a coordinating body for capturing and controlling organisational risks and making recommendations to the Board Risk Committee for the allocation of resources (financial or otherwise).
- Review risk limits, policies and management framework and recommend amendments (where appropriate) to the Board Credit & Risk Management Committee.

### **Asset and Liability Management Committee (ALCO)**

#### **Responsibilities:**

- 1 Monitor and control all market, liquidity risk and interest rate risk across the Bank in accordance with the risk appetite set by the Board of Directors;
- 2 Review limit, guideline or trigger breaches and agree remedial actions in order to align exposures with agreed appetite;

## Enterprise risk management policy

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- 3 Approve Market Risk, Liquidity Risk and Interest Rate Risk Policies for the Bank;
- 4 Review and note the impact of internal and external factors on the net interest margin;
- 5 Recommend to the Board, policies and guidelines under which the Bank will manage matters listed below, and in so doing protect the Bank's capital base and reputation:
- 6 Balance Sheet growth:
  - Deposits, Advances and Investments;
  - Non-earning assets
  - Market and Liquidity Management.
  - Capital Management Compliance

### **Management Credit Committee**

#### **Responsibilities:**

- 1 Monitor the credit portfolio in line with the Bank's appetite for credit risk.
- 2 Define the Bank's risk and return preferences and target risk portfolio.
- 3 Monitor on an ongoing basis The Bank's risk quality and performance, review periodic credit portfolio reports and assess portfolio performance;
- 4 Review credit policy changes initiated by Executive Management and endorse to the Board Credit & Risk Management Committee for approval;
- 5 Ensure compliance with The Bank's credit policies and statutory requirements prescribed by the
- 6 Approve credit facility requests within limits defined by The Bank's credit policy and recommend to the Board Credit & Risk Management Committee, credits beyond their approval limits;

### **Audit and Compliance Committee**

#### **Responsibilities:**

- 1 Assessment of the overall risk profile of the organization
- 2 Review of key control issues within the organization specifically from each of the membership of the
- 3 Assess and monitor progress of remediation of key issues.
- 4 Integration of assurance activities to minimize duplication of efforts while avoiding uncovered risk areas.
- 5 Facilitate the Bank's capacity to carry out integrated audits by sharing subject matter experts in various aspects of Banking.

### **IT Steering Committee**

#### **Responsibilities:**

- 1 Ensure the strategic direction, objectives and vision for IT, and govern overall IT policies for the bank.
- 2 Ensure proper implementation of approved IT Strategy within approved budget.
- 3 Enforce the implementation of policies for investment prioritisation, security and IT risk management.
- 4 Set out the priorities for IT operational management.
- 5 Assesses the performance of the Information Technology organization.
- 6 Approve proposed ICT strategies and business cases (funding submissions) for all new ICT project
- 7 Conduct reviews of information security at planned intervals, to ensure continuing suitability, adequacy and effectiveness.

### **Business Units**

#### **Responsibilities**

Business Units and their staff, as primary risk owners/managers, are responsible for the day-to-day identification, mitigation, management and monitoring of risks within their respective functions. Business Units and their staff are also responsible for the following:

- Implementing the Bank's risk management strategies;
- Managing day-to-day risk exposures by using appropriate procedures and controls in line with the Bank's risk management framework;

## **Enterprise risk management policy**

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- Identifying risk issues and implementing remedial action to address these issues; and
- Reporting and escalating material risks and associated issues to appropriate authorities.

The Bank approaches and views risk not only as an uncertainty, but also as a potential opportunity to develop new frontiers in the Mortgage Banking Industry.

### **4 Contingency Funding Plan**

Abbey Mortgage Bank Plc recognizes the importance of liquidity in the day to day operations of the bank. Hence the importance of having a contingency funding plan (CFP) that expands management and ALCO's latitude in dealing with and quickly addressing liquidity in times of crisis.

The contingency funding plan identifies: potential contingent events otherwise known as triggers, which are internal, external or economic factors that may imply a change to market liquidity or Abbey's access to markets; incident response action plan; roles and responsibilities of those involved in the contingency plans; and the available sources of contingent funding to supplement cash flow shortages. The CFP is revised annually and updated for funding actions based on stress test results on a quarterly basis.

## **Report of the Audit Committee**

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In accordance with the provisions of Section 404(4) of the Companies and Allied Matters Act 2020, we have reviewed the financial statements for the year ended 31 December 2024 as follows:

- We have exercised our statutory functions and powers as provided by the Articles of Association of the Bank and the Companies and Allied Matters Act 2020 and acknowledge the co-operation of management staff in the conduct of our responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope of planning of both the external and internal audits for the year ended 31 December 2024 were satisfactory and complied with the Bank's system and internal control.
- We have reviewed the findings on management matters in conjunction with the external auditors and departmental responses thereon;
- As required by the provisions of the Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosures of Insider-Related Credits in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as analysed on in the financial statements as at 31 December 2024.



**Mr. ADEKUNLE ALLI**

Chairman, Audit Committee  
FRC/2013/ICAN/00000002835

**Members of the Audit Committee**

Mr Adekunle Alli	Shareholder
Prince (Engr.) Olayiwola Tobun	Shareholder
Mr. Gbadebo Ajeigbe	Shareholder
Brig-Gen John Obasa (rtd)	Director
Mr. Obinna Ufudo	Director

4th March 2025

## Management's Annual Assessment of, and Report on, Abbey Mortgage Bank Plc's Internal Control over Financial Reporting

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To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of Abbey Mortgage Bank Plc for the year ended 31 December 2024:

- i Abbey Mortgage Bank Plc'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 Abbey Mortgage Bank Plc's management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;
- iii Abbey Mortgage Bank Plc's management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.
- ii Abbey Mortgage Bank Plc's external auditor Messrs PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of Messrs PricewaterhouseCoopers that audited its financial statements will be filed as part of Abbey Mortgage Bank Plc's annual report.



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**HIGH CHIEF SAMUEL ONI**  
FRC/2024/PRO/DIR/003/868224  
Chairman  
Date: 7 March 2025



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**MOBOLAJI ADEWUMI**  
FRC/2021/PRO/DIR/003/0000022431  
Managing Director/CEO  
Date: 7 March 2025

## Management's Annual Assessment of, and Report on, Abbey Mortgage Bank Plc's Internal Control over Financial Reporting

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### Certification of management's assessment on internal control over financial reporting

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To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of Abbey Mortgage Bank Plc for the year ended 31 December 2024.

I, Mobolaji Adewumi, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Abbey Mortgage Bank Plc.
- 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, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report.
- d) The entity'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 entity, and its consolidated subsidiaries, is made known to us by others within those entities, 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.
  - 4) have evaluated the effectiveness of the entity'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 entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's 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 entity's ability to record, process, summarize 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 entity's internal control system.
- f) The entity'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.



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**MOBOLAJI ADEWUMI**  
Managing Director/Chief Executive Officer  
FRC/2021/PRO/DIR/003/00000022431

## Management's Annual Assessment of, and Report on, Abbey Mortgage Bank Plc's Internal Control over Financial Reporting

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### Certification of management's assessment on internal control over financial reporting

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To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of Abbey Mortgage Bank Plc for the year ended 31 December 2024.

I, Oluwatomi Olurinola, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Abbey Mortgage Bank Plc.
- 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, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report.
- d) The entity'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 entity, and its consolidated subsidiaries, is made known to us by others within those entities, 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.
  - 4) have evaluated the effectiveness of the entity'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 entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's 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 entity's ability to record, process, summarize 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 entity's internal control system.
- f) The entity'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.



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**OLUWATOMI OLURINOLA**  
Financial Controller  
FRC/2021/PRO/ICAN/001/00000025175



## *Independent practitioner's report*

To the Members of Abbey Mortgage Bank Plc

### *Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting*

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#### *Our opinion*

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of Abbey Mortgage Bank Plc ("the bank's") are not adequate as of 31 December 2024, based on the SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

#### **What we have performed**

We have performed an assurance engagement on Abbey Mortgage Bank Plc's internal control over financial reporting as of December 31, 2024, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of, and Report on, Abbey Mortgage Bank Plc's Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement.

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#### *Basis for opinion*

We conducted our assurance engagement in accordance with the Guidance, which 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. 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 provide a basis for our report on the internal control put in place by management over financial reporting.

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#### *Definition and Limitations of Internal Control over Financial Reporting*

A company's internal control over financial reporting is a process designed 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 company'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 company; (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 company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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



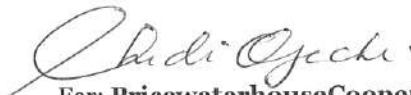
controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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*Other matter*

We also have audited, in accordance with the International Standards on Auditing, the financial statements of Abbey Mortgage Bank Plc and our report dated 13 March 2025 expressed an unqualified opinion.

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For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria  
FRC/2023/COY/176894



13 March 2025

Engagement Partner: Chidi Ojechi  
FRC/2017/PRO/ICAN/004/00000015955



Independent auditor's report  
To the Members of Abbey Mortgage Bank Plc

## *Report on the audit of the financial statements*

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### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Abbey Mortgage Bank Plc ("the bank") as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with international financial reporting standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

### **What we have audited**

Abbey Mortgage Bank Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

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

### **Independence**

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment on loans and advances to customers – N246.7 million (refer to notes 2.4.6, 3.3.3 and 18)</i></p> <p>We focused on this area because the directors exercise significant judgement, using subjective assumptions when determining both the timing and the amounts to recognise as impairment.</p> <p>IFRS 9 ‘Financial Instruments’ requires significant judgement in measuring expected credit loss (ECL). Areas where significant judgement is exercised include:</p> <ul style="list-style-type: none"> <li>• the definition of default adopted by the bank;</li> <li>• determination of the criteria for assessing significant increase in credit risk (SICR);</li> <li>• methodologies adopted by the bank in modelling the probability of default (PD) used in the ECL model;</li> <li>• estimation of loss given default (LGD) by considering collateral values and assumptions inherent in the model; and</li> <li>• incorporating forward-looking information (inflation, exchange rate, interest rate and crude oil price) and the determination of multiple economic scenarios used in the ECL model.</li> </ul>	<p>We adopted a substantive approach in assessing the allowance for impairment made by the directors. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• checked that the bank applied a default definition that is consistent with IFRS 9 qualitative and quantitative default criteria;</li> <li>• examined customer-specific information on a sample basis to assess management’s conclusions relating to significant increase in credit risk;</li> <li>• checked the reasonableness and accuracy of the PD methodology and computations by performing independent calculations of the PD;</li> <li>• evaluated the reasonableness of the loss given default (LGD) against the methodology applied by assessing the appropriateness of the collateral values and assumptions applied in the ECL model as well as the accuracy of the final LGD;</li> <li>• checked the reasonableness of the forward-looking information applied in the ECL model and considered the multiple economic scenarios;</li> <li>• evaluated the IFRS 9 disclosures for reasonableness.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Reports of the Directors, Statement of Directors’ Responsibilities in Relation to the Preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Corporate Governance Report, Board Evaluation Report, Enterprise Risk Management Policy, Report of the Audit Committee, Management’s Annual Assessment of, and Report on, Abbey Mortgage Bank Plc’s Internal Control over Financial Reporting, Value Added Statement and Five-Year Financial Summary, but does not include the financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the other sections of the Abbey Mortgage Bank Plc 2024 Annual Report which are expected to be made available to us after that date.

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 identified above 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 that we 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.

When we read the other sections of the Abbey Mortgage Bank Plc 2024 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of the directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with "IFRS Accounting Standards" and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### *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 judgement and maintain professional scepticism 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 related 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 the



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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

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### *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns;
- iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 38 to the financial statements; and
- v) the bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2024.



In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Abbey Mortgage Bank Plc's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 13 March 2025.

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*Chidi Ojechi*

For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Chidi Ojechi  
FRC/2017/PRO/ICAN/004/00000015955



13 March 2025

## Statement of profit or loss and other comprehensive income

		31 December 2024	31 December 2023
	Notes	₦'000	₦'000
Interest income calculated using effective interest rate	5	11,954,184	7,203,071
Interest expense calculated using effective interest rate	6	<u>(8,557,527)</u>	<u>(4,629,097)</u>
Net interest income		3,396,657	2,573,974
Fees and commission income	7	207,668	395,082
Other income	8	<u>272,063</u>	<u>217,599</u>
Total operating income		3,876,388	3,186,655
Net Impairment (charge)/write back on financial asset at amortised cost	9	<u>(84,200)</u>	<u>108,484</u>
Net operating income		<b>3,792,188</b>	<b>3,295,139</b>
Personnel expenses	10	(955,015)	(774,625)
Depreciation	11	(190,971)	(155,645)
Amortisation	23	(28,700)	(9,459)
Other operating expenses	12	<u>(1,388,551)</u>	<u>(1,404,067)</u>
Total operating expenses		<b>(2,563,237)</b>	<b>(2,343,796)</b>
<b>Profit before taxation</b>		<b>1,228,951</b>	<b>951,343</b>
Taxation	13	<u>(160,758)</u>	<u>(80,059)</u>
<b>Profit for the year</b>		<b><u>1,068,193</u></b>	<b><u>871,284</u></b>
<b>Other comprehensive income</b>		-	-
Total comprehensive income for the year		<b><u>1,068,193</u></b>	<b><u>871,284</u></b>
Earnings per share attributable to ordinary equity holders (Kobo) - Basic and Diluted	14	11	9

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

## Statement of financial position

		31 December 2024	31 December 2023
	Notes	N'000	N'000
<b>Assets</b>			
Cash on hand	15	15,297	37,987
Cash balances with central bank	16	1,020,000	766,369
Due from other banks	17	13,929,534	12,730,016
Loans and advances to customers	18	12,070,585	14,138,284
Financial investments - securities at FVTPL	19	883,642	550,527
Financial Investments - securities at amortised cost	20	53,695,739	26,775,781
Other assets	21	841,999	1,072,504
Property and equipment	22	1,479,168	1,351,533
Intangible assets	23	270,246	73,990
		<u>84,206,210</u>	<u>57,496,991</u>
Non-current assets held for sale	24	45,251	45,251
<b>Total Assets</b>		<b><u>84,251,461</u></b>	<b><u>57,542,242</u></b>
<b>Liabilities</b>			
Due to other banks	17.2	10,964,820	10,033
Deposits from customers	25	53,900,757	40,049,606
Current income tax payable	13.3	125,681	83,843
Other liabilities	26	661,834	540,871
Borrowings	27	5,068,555	3,998,567
Deposit for shares	28	4,000,000	4,000,000
Due to National Housing Fund	29	263,001	289,624
Deferred tax liabilities	30	35,077	-
<b>Total Liabilities</b>		<b><u>75,019,725</u></b>	<b><u>48,972,544</u></b>
<b>Equity</b>			
Share capital	31	5,076,923	5,076,923
Share premium	32	1,576,504	1,576,504
Retained earnings	33	1,127,763	623,525
Statutory reserve	34	686,335	472,697
Regulatory risk reserve	42	764,212	820,049
<b>Total Equity</b>		<b><u>9,231,736</u></b>	<b><u>8,569,698</u></b>
<b>Total liabilities and equity</b>		<b><u>84,251,461</u></b>	<b><u>57,542,242</u></b>

The financial statements were approved by the Board of Directors on 7 March 2025 and signed on its behalf by:

**HIGH CHIEF SAMUEL ONI**  
Chairman  
FRC/2024/PRO/DIR/003/868224



**MOBOLAJI ADEWUMI**  
Managing Director/Chief Executive Officer  
FRC/2021/PRO/DIR/003/00000022431



Additionally certified by:

**OLUWATOMI OLURINOLA**  
Financial Controller  
FRC/2021/PRO/ICAN/001/00000025175



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

## Statement of changes in equity

	Share capital	Share premium	Statutory reserve	Regulatory risk reserve	Retained earnings	Total Equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Balance as at 1 January 2023</b>	5,076,923	5,117,137	298,440	746,546	(3,540,633)	7,698,413
<b>Total comprehensive income for the year:</b>						
Profit for the year	-	-	-	-	871,284	871,284
	5,076,923	5,117,137	298,440	746,546	(2,669,349)	8,569,697
<b>Transactions with equity holders, recorded directly in equity:</b>						
Transfer between reserve	-	(3,540,633)	-	-	3,540,633	-
Transfer to statutory reserve	-	-	174,257	-	(174,257)	-
Transfer to regulatory risk reserve	-	-	-	73,502	(73,502)	-
<b>Balance as at 31 December 2023</b>	<b>5,076,923</b>	<b>1,576,504</b>	<b>472,697</b>	<b>820,048</b>	<b>623,525</b>	<b>8,569,697</b>
<b>Total comprehensive income for the year:</b>						
Profit for the year	-	-	-	-	1,068,193	1,068,193
	5,076,923	1,576,504	472,697	820,048	1,691,718	9,637,890
<b>Transactions with equity holders, recorded directly in equity:</b>						
Transfer to statutory reserve	-	-	213,639	-	(213,639)	-
Transfer from regulatory risk reserve	-	-	-	(55,837)	55,837	-
Dividend paid	-	-	-	-	(406,154)	(406,154)
<b>Balance as at 31 December 2024</b>	<b>5,076,923</b>	<b>1,576,504</b>	<b>686,336</b>	<b>764,211</b>	<b>1,127,762</b>	<b>9,231,736</b>

## Statement of cashflows

	Notes	31 December 2024 £'000	31 December 2023 £'000
<b>Cash flows from operating activities:</b>			
Profit before income tax		1,228,951	951,343
Adjustment for non-cash items	35.4	(3,157,839)	(2,541,038)
<b>Net cash flows used in operating activities before changes in working capital</b>		<b>(1,928,888)</b>	<b>(1,589,694)</b>
Change in operating assets	35.2	(21,475,295)	(32,762,702)
Change in operating liabilities	35.3	13,239,978	12,385,419
Income tax paid	13	(45,182)	(60,204)
Interest received	35.5	8,121,044	7,308,305
Interest paid	35.5	(7,827,299)	(4,466,898)
Net cash flows used in operating activities		<u>(9,915,642)</u>	<u>(19,185,774)</u>
<b>Cash flows from investing activities:</b>			
Purchase of intangible assets	23	(224,956)	(17,984)
Proceeds on disposal of non-current asset held for sale	24	-	10,000
Proceeds on disposal of property and equipment	35.7	1,486	7,875
Purchase of property and equipment	22	(319,468)	(188,660)
Dividend received	35.8	41,500	27,739
Net cash flows used in investing activities		<u>(501,438)</u>	<u>(161,030)</u>
<b>Cash flows from financing activities:</b>			
Proceeds of borrowings	27	3,500,000	4,400,000
Principal repayments of borrowings	27	(2,454,728)	(426,525)
Deposit for shares	28	-	4,000,000
Dividend paid	33	(406,154)	-
Net cash flows generated from financing activities		<u>639,118</u>	<u>7,973,475</u>
Net decrease in cash and cash equivalents		(9,777,962)	(11,373,329)
Cash and cash equivalents at beginning of year		12,790,176	24,163,505
<b>Cash and cash equivalents at end of year</b>	35.1	<b><u>3,012,214</u></b>	<b><u>12,790,176</u></b>

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

## Notes to the financial statements

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### 1 General information

These financial statements are the financial statements of Abbey Mortgage Bank Plc. (the "Bank"), a public limited liability Bank incorporated and domiciled in Nigeria on 26 August 1991. The Bank obtained its license to operate as a mortgage bank on 20 January 1992 and commenced business on 11 March 1992. It was later converted to a public limited liability Bank in September 2007. On 21 October 2008, the Bank became officially listed on the Nigerian Exchange Group.

The principal activities of the Bank are the provision of mortgage services, financial advisory, and real estate construction finance.

For the earlier years of its operations, the Bank specialized in funding small and medium size businesses. In the last few years, the Bank has started to implement a mortgage financing strategy in line with its strategic vision to become "the number one mortgage service provider in Nigeria". The Bank currently has 142 (2023: 138) staff in eight (8) branches and the Head Office.

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 7 March 2025

### 2.1 Basis of preparation

#### a Statement of Compliance

These financial statements of the Bank are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standard as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Additional information required by the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council of Nigeria ("FRCN") Act No. 6, 2011 and relevant Central Bank of Nigeria circulars, is included where appropriate.

#### b Basis of Measurement

The financial statements have been prepared on the historical cost basis except for equity instruments which are carried at fair value.

#### c Going concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the next 12 months ahead.

#### d Functional and presentation currency

The financial statement are presented in Nigerian Naira, which is the bank functional and presentation currency. All financial information presented in Naira has been rounded to the nearest thousand.

#### e Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### Significant accounting judgements, estimates and assumptions

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

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

#### (i) Determination of collateral Value

Management engages external and independent expert judgement to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterpart.

The Management believes that the underlying assumptions used by their experts are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the Note 3.3.4

## Notes to the financial statements

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**(ii) Useful lives and carrying value of property and equipment and intangible assets**

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment and intangibles will have an impact on the carrying value of these items. Areas where significant estimate are significant are disclosed in Note 22 and 23. Specifically, depreciation of property and equipment and amortisation of intangible assets

**(ii) Fair value measurement of financial instruments**

For disclosure purpose, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Bank's accounting policy on fair value measurements is discussed under note 3.6

The Bank measures fair values using the following hierarchy of methods.

· Level 1: Quoted market price 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 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: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product.

These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes other financial assets per Note 3.6.

**(iv) Deferred tax assets**

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies (See Note 30). Unrelieved tax losses can be used indefinitely.

**(v) Owner-occupied properties**

The Bank classifies owner-occupied properties as property and equipment when the Bank evaluate the terms and conditions of the arrangements, such as lease term not constituting a major part of the economic life of the property, the present value of the minimum lease payments not amounting to substantially all of the carrying value of the property and that it retains all the significant risks and rewards of ownership of the property. (See Note 22)

**(vi) Impairment under IFRS 9**

The impairment requirements of IFRS 9 apply to all financial assets that are measured at amortised cost. Expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Bank considers the obligor is unlikely to pay its credit obligations to the Bank. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Bank is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Bank's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- 1) The contractual cash flows that are due to the Bank under the contract; and
- 2) The cash flows that the Bank expects to receive.

## Notes to the financial statements

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Elements of ECL models that are considered accounting judgements and estimates include:

- 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 LTECL basis and the qualitative assessment
- The 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.

### Expected lifetime:

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Bank measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Bank and to all periods presented in the financial report.

## 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2024. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 2.2.1 Standards, amendments and interpretations effective during the reporting period

#### i Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants - Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or noncurrent at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: the carrying amount of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument.

However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The effective date is 1 January 2024.

This amendment did not have a significant impact on the Bank's financial statements.

There are no other new standards or amendments applicable to the Bank with an effective date of 1 January 2024.

## 2.3 Standards issued but not yet effective

### i IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it might have a significant impact on presenting information in the financial statements, in particular the income statement. The Bank is currently assessing any impacts as well as data readiness before developing a more detailed implementation plan.

## Notes to the financial statements

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### ii Amendments to IAS 21 'Lack of Exchangeability'

In August 2023, the IASB published amendments to IAS 21 'Lack of Exchangeability' effective from 1 January 2025. The does not have an effect on the Bank's financial statements.

### iii Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features. The Group is undertaking an assessment of the potential impact.

There are no other new standards or amendments issued but not yet effective that are applicable to the Bank.

## 2.4 Financial assets and liabilities

### 2.4.1 Initial recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. The Bank uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item 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 liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

#### Day 1 profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise nonobservable market data as inputs

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

#### 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 interest 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.

#### Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

## Notes to the financial statements

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### 2.4.2 Financial assets - Classification of financial instruments

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

- those to be measured at fair value through profit or loss (FVTPL) (equity instrument); and
- those to be measured at amortised cost (debt instrument).

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test). The Bank also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

### 2.4.3 Financial assets - Subsequent measurement

#### a) Debt instruments

The classification and subsequent measurement of debt instruments depend on the Bank's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Bank classifies its debt instruments into one of the following measurement categories:

**Amortised cost:** Financial assets such as loans and advances that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest income calculated using the effective interest rate method"

#### **Fair Value Through Other Comprehensive Income (FVOCI)**

Financial assets that are held within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments.

**Fair Value Through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within "Net gains/(losses) from financial instruments classified as held for trading" in the period in which it arises. Interest income from these financial assets is included in "Interest and similar income".

## Notes to the financial statements

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### 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:

- 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 interest revenue, maintaining a particular interest 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;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- 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;
- 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.
- 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 financial assets is achieved and how cash flows are realized.

### Solely payments of principal and interest (SPPI) assessment

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, 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 rate of interest

### b) Equity instruments

The Bank subsequently measures all its equity investments at fair value through profit or loss (FVTPL). Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. Included in this classification are quoted financial investments.

#### 2.4.4 Reclassifications

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations.

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 interest previously recognised are not restated when reclassification occurs.

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

## Notes to the financial statements

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### 2.4.5 Modifications

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss.

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 as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised in profit or loss.

### 2.4.6 Impairment of financial assets

#### Overview of the ECL principles

The Bank assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL. In this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering if it is 30 days past due. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12 months expected credit losses

#### The calculation of ECLs

The Bank calculates ECLs based on three economic scenario (base case, best case and worst case) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.3.3.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.3.3.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.3.3.

## Notes to the financial statements

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When estimating the ECLs, the Bank considers three economic scenarios which are considered to be the upturn economic scenario, downturn economic scenario and base case economic scenario. The assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

The mechanics of the ECL method are summarized below:

### Stage 1

- The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
- These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

### Stage 2

- When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

### Stage 3

- For financial instruments considered credit-impaired (as defined in Note 3), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements are disclosed in Note 3.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

### Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

### 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 realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

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All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initiated by the Board Credit and Risk Committee. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset.

### Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Foreign exchange rates
- Market growth rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised financial asset that is created or retained by the Bank is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

## 2.4.7 Financial liabilities

### Initial and subsequent measurement

Financial liabilities are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Bank classifies financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading liabilities are recorded and measured in the statement of financial position at fair value.

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost.

## Notes to the financial statements

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### Modifications

The Bank derecognizes 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 interest rate, is at least 10 per cent 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.

### Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if 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 interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

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, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

### Reclassification

Financial liabilities are not reclassified after initial classification.

#### 2.4.8 Income and expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest 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 interest rate is calculated using estimated future cash flows including expected credit losses. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in profit or loss.

For instruments at FVTPL, interest income is recognized based on the contractual interest rate specified in the agreement and any changes in the fair value of the financial asset, including interest income, are recognized in profit or loss as they occur.

##### 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 interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018). 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 interest income and expenses

The Bank calculates interest income and expense by applying the effective interest rate 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 asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Bank reverts to calculating interest income on a gross basis.

## Notes to the financial statements

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### 2.5 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income including account servicing fees, advisory fees, mortgage fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw down of a loan, the related loan commitment fees are recognised over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

### 2.6 Other operating income

Included in other operating income are other income, profit on sale of property and equipment rental income and fair value gain on financial instruments at FVTPL .

#### Rental income

Rental income arising from short term leases on properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

### 2.7 Income tax expense

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.8 Valuation of Financial Instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

## Notes to the financial statements

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- The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

### Fair value measurement

The Bank measures financial instruments, such as, quoted equities, at fair value at each reporting date. 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, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## 2.9 Cash and cash equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Restricted cash are not part of cash and cash equivalents.

## 2.10 Property and equipment

### i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the period in which they were incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property, plant and equipment. Payments in advance for items of property, plant and equipment are included as prepayments in other assets and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment. No depreciation is charged until the assets are available for use.

## Notes to the financial statements

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### ii Subsequent costs

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

### iii Depreciation

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life. Work in progress is not depreciated.

The estimated useful lives are as follows:

Motor vehicles	4 years
Office furniture and equipment	10 years
Buildings	50 years
Computer equipment	5 years

Land is not depreciated. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Bank estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

### iv De-recognition

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

### v Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

## 2.11 Intangible assets

Intangible assets consist of computer software and costs associated with the development of software for internal use. Computer software is stated at cost, less accumulated amortisation and impairment losses. Costs that are directly associated with the production of identifiable and unique software products, which are controlled by the Bank and which will probably generate economic benefits exceeding costs are recognized as intangible assets.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that 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 three to five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Costs associated with maintaining software programs are recognized as expenses when incurred.

## Notes to the financial statements

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### **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets excluding goodwill, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount.

The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Fair value less cost to sell is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the profit or loss in the period in which it occurs. In subsequent years, the Bank assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in other operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

Provision are recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

### **2.12 Contingent liabilities**

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events 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 Bank; or present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

### **2.13 Financial guarantees**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given. Other than where the fair value option is applied, subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation recognised in the profit or loss, and the best estimate of the expenditures required to settle the obligations. Commission and fees charged to customers for services rendered in respect of financial guarantees are recognised at the time the services or transactions are effected.

Any increase in the liability relating to financial guarantees is recorded in the profit or loss. However, the bank currently does not have any financial guarantees as at the reporting date.

## Notes to the financial statements

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### 2.14 Employee benefits

#### i Post employment benefits

The Bank operates a defined contribution pension plan. 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 pension plans are recognised as personnel 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 are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

For defined contribution schemes, the Bank recognises contributions due in respect of the accounting period in the profit or loss. Any contributions unpaid at the reporting date are included as a liability.

#### ii Short term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in the profit or loss as personnel expenses.

### 2.15 Share Capital

#### Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds reflected in the share premium.

#### Share premium

Premiums from the issue of shares are reported in share premium.

#### Dividends on ordinary shares.

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends declared after the reporting date are recognized in the subsequent period.

### 2.15.2 Equity reserve

The reserves recorded in equity on the Bank's statement of financial position include:

Regulatory risk reserve details the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected credit loss model used in calculating the impairment under IFRS 9.

Statutory reserve details un-distributable earnings required to be kept by the nation's central bank in accordance with the national law. The national law requires every Primary Mortgage Bank (PMB) to maintain a reserve fund and shall, out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserve as follows:

- a. Where the reserve fund is less than the paid-up share capital, a minimum of 20% of the net profit; or
- b. Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 10% of net profit;
- c. No transfer to the reserve fund shall be made until all identifiable losses have been made good.

### 2.15.3 Earnings per share

Basic earnings per share is calculated by dividing net profit after tax applicable to equity holders of the Bank, excluding any costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effective interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Notes to the financial statements

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### 2.16 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### **Bank as a lessee**

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### **The Bank is the lessee**

##### 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 (if any). 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. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### **Bank as a lessor**

The Bank is the lessor

##### **(i) Operating Lease**

When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental income on a straight line basis over the lease term

##### **(ii) Finance Lease**

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is treated as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

### 2.17 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

The Bank makes use of valuation experts to determine the fair value less cost to sell of these properties.

## Notes to the financial statements

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### 3 Financial risk management

#### 3.1 Introduction and overview

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance

Risk management is carried out by a central risk department (Bank chief risk officer) under policies approved by the Board of Directors. Chief Risk Officer identifies, evaluates 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 foreign exchange risk, interest rate risk, and credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. There has been no significant change in the risk policy of the Bank during the year.

The risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk and market risk (discussed in subsequent sections)

#### 3.2 The key elements of the Bank's risk management philosophy are the following:

- The Bank considers sound risk management to be the foundation of a long-lasting financial institution.
- The Bank continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
- Risk officers are empowered to perform their duties professionally and independently without undue interference.
- Risk management is governed by well-defined policies that are clearly communicated across the Bank.
- Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.
- The Bank's risk management governance structure is clearly defined.
- There is a clear segregation of duties between market-facing business units and risk management functions.
- Risks are reported openly and fully to the appropriate levels once they are identified.
- Risk-related issues are taken into consideration in all business decisions. The Bank shall continue to strive to maintain a conservative balance between risk and revenue considerations
- Risk officers work as allies and thought partners to other stakeholders within and outside the Bank, and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

#### 3.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

Credit risk is the single largest risk for the Bank business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

##### 3.3.1 In measuring credit risk of loans and advances to customers and to Bank's at a counterparty level, the Bank reflects the following components:

- The character and capacity to pay of the client or counterparty on its contractual obligations;
- Credit history of the counterparty; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out. The Bank's rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are reviewed and upgraded when necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

## Notes to the financial statements

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### 3.3.2 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and Bank's, and to industries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers, and to regional and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved quarterly by the Board of Directors.

#### Portfolio limits

The process of setting the limits is as follows:

- The Bank engages in a detailed portfolio plan annually. In drawing up the plan, the Bank reviews the macro-economic factors, identifies the growth sectors of the economy and conducts a risk rating of the sectors to determine its acceptable target market industries and exception. The Bank's target loan portfolio is then distributed across acceptable target market industries, strategic business units and approved product programmes.

Presently, the Bank does not have any exposure to counterparties domiciled outside Nigeria. However, the Bank has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

#### Single obligor limits

- Limits are imposed on loans to individual borrowers. The Bank as a matter of policy does not lend above its regulatory lending limit, which is 20% of its shareholders' funds unimpaired by losses. The internal guidance limit is, however, set at 20% for corporate customers and 5% for individual customers of its shareholders funds unimpaired by losses to a single borrower.
- Product programmes contain guidelines on single obligor limits.
- Except with the approval of the Board of Directors, the Bank shall not lend more than:
  - 20% of the Bank's shareholders' funds to any Bank. Only companies rated 'A' or better may qualify for this level of exposure.
  - The Bank also sets internal credit approval limits for various levels in the credit process.
- Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Bank demand.

Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

### 3.3.3 Impairment assessment

#### Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood 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:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Bank
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Bank

It is the Bank's policy to consider a financial instrument as 'cured' and therefore-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. 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 increase in credit risk compared to initial recognition.

## Notes to the financial statements

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### The Bank's PD estimation process

The PDs for each portfolios were computed using the portfolio migration approach. Up to 4years historical information are to be generated to determine the movement of performing loan to non performing loans over the available observable periods. The specific statistical model that has been employed for the purpose of estimating the 12months and the lifetime PDs is the Markov multi-state model of transitions in discrete time. These forecasted through the cycle(TTC) PDs are then adjusted for forward looking information under different scenarios using logistic regression to derive the 12months and lifetime Point in time(PiT) PD.

### Exposure at Default

The exposure at default(EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

### Loss given default

The Bank segments its products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in historical recoveries and outstanding exposure, payment status or other factors that are indicative of losses in the group.

The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for each product type. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

### Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considered an exposures to have significantly increased in credit risk in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Bank may also consider that events explained under definition of default as significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

## Notes to the financial statements

### Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.4.6 Impairment of financial assets and in Note 2.1 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Bank obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics) and a team of expert within its credit risk department verifies the accuracy of inputs to the Bank' ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2024 and 31 December 2023.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

31 December 2024	Key drivers	ECL Scenario	2024
	Exchange Rate (Nigerian Naira to US Dollars) ₦		
		Best case	1,497
		Base case	1,546
		Worst case	2,087
	Inflation Rate %		
		Best case	31.74%
		Base case	33.06%
		Worst case	44.63%
	Crude oil Price ₦		
		Best case	111.56
		Base case	82.64
		Worst case	79.33
31 December 2023	Key drivers	ECL Scenario	2023
	Exchange Rate (Nigerian Naira to US Dollars) ₦		
		Best case	446
		Base case	470
		Worst case	493
	Inflation Rate %		
		Best case	15.80%
		Base case	16.64%
		Worst case	17.47%
	Crude oil Price ₦		
		Best case	87.41
		Base case	64.75
		Worst case	62.16

## Notes to the financial statements

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2024	Balances with CBN and Due from Banks	Financial instrument at amortised cost	Mortgage Home Loan	Advance Loans	NHF Loans	Total
Upside		147,285	231,364	44	5,394	384,086
Base		153,422	241,004	45	5,619	400,090
Downside		207,119	325,356	61	7,585	540,121
<b>Total</b>	-	<b>507,826</b>	<b>797,724</b>	<b>150</b>	<b>18,597</b>	<b>1,324,297</b>

31 December 2023	Balances with CBN and Due from Banks	Financial instrument at amortised cost	Mortgage Home Loan	Advance Loans	NHF Loans	Total
Upside	-	44,429	393,246	16,964	16,380	471,019
Base	-	42,213	409,631	17,671	17,063	486,578
Downside	-	46,645	553,002	23,856	23,035	646,538
<b>Total</b>	-	<b>133,287</b>	<b>1,355,879</b>	<b>58,491</b>	<b>56,479</b>	<b>1,604,135</b>

### Determination of regulatory risk reserves

Provisions under Prudential Guidelines are determined using the time based provisioning regime prescribed by the Central Bank of Nigeria Regulatory and Supervisory Framework for Mortgage Banks in Nigeria. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

- (a) Impairment for loans recognised in the profit or loss is determined based on the requirements of IFRS. However, the IFRS impairment is compared with provisions determined under prudential guidelines and the expected impact/changes is recognised in general reserves as follows:
- If prudential provisions is greater than IFRS impairment; the excess provision resulting therefrom is transferred from the retained earnings/accumulated losses account to a "regulatory risk reserve".
  - If prudential provisions is less than IFRS impairment; IFRS determined impairment is charged to the profit or loss. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings/accumulated losses account.
- (b) The regulatory risk reserve is considered a non-distributable reserve and is not classified under Tier 1 as part of the core capital. The Bank has complied with the requirements of the guidelines as follows:

## Notes to the financial statements

<i>Statement of prudential adjustments</i>	31 December	31 December
<i>In thousands of Naira</i>	2024	2023
<i>IFRS-based impairments and credit losses:</i>		
<b>Total ECL Under IFRS 9</b>	<b>246,668</b>	<b>444,365</b>
Loans and advances	246,668	444,365
<b>IFRS impairment allowances by the Bank (a)</b>	<b>246,668</b>	<b>444,365</b>
<i>Prudential provisions and credit losses:</i>		
Specific provision on loans and advances	897,587	1,129,933
General provision on loans and advances	113,293	134,480
Provision for other assets	-	-
<b>Total regulatory impairment based on prudential guidelines (b)</b>	<b>1,010,880</b>	<b>1,264,413</b>
<b>Required balance in regulatory risk reserves (c = b - a), where b&gt;a</b>	<b>764,212</b>	<b>820,049</b>

### 3.3.4 Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and cash deposits.
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured, in addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Estimate of the value of collateral and other security enhancements held against loans and advances to customers and banks is shown below :

#### Collateral Risk Rating (CRR)/Facility Risk Rating (FRR)

The Bank does not lend to speculative grade obligors, on an unsecured basis. The Facility Risk Rating (FRR) is different from the Obligor Risk Rating (ORR) to the extent of the perceived value of enhancement provided.

The Collateral Risk Rating grid indicates the acceptable collateral types rated 1–7 from best to worst in order of liquidity.

#### Collateral risk rating Collateral type

- |     |  |
|-----|--|
| 1.  | Cash/Treasury bills  |
| 2.  | Marketable securities, guarantee/receivables of investment grade banks and corporates                      |
| 3.  | Enforceable lien on fast-moving inventory in bonded warehouses   |
| 4.  | Legal mortgage on residential business real estate in prime locations A and B                              |
| 5.  | Legal mortgage or debenture on business premises, factory assets or commercial real estates in locations A |
| and |  |
| 6.  | Equitable mortgages on real estates in any location  |
| 7.  | Letters of comfort or awareness, guarantee of non-investments grade banks and corporates                   |

#### Credit enhancement

In the ordinary course of business, the Bank is exposed to the risk of having financial instruments that are not recognised in the financial position. The instruments are used mainly as interim Securities for National Housing Funds Loans ("NHFL"). The guarantees are expected to be discharged as soon as legal mortgages are perfected. The contractual amounts of the off- statement of financial position financial instruments are:

	2024	2023
	₦'000	₦'000
Guaranteed facilities (NHFL)	90,390	67,208

The value of the guarantees are equal to the value of the loans they have been obtained for.

## Notes to the financial statements

### Maximum exposure to credit risk before collateral held or credit enhancements

The Bank's maximum exposure to credit risk at 31 December 2024 and 31 December 2023 respectively is represented by the net carrying amounts of the financial assets in the statement of financial position excluding cash in hand.

	Maximum Exposure to credit risk	Fair Value of collateral and credit enhancements held		
		Total Collateral Value	Associated ECLs	Net Exposure
<b>31 December 2024</b>				
<i>In #'thousands</i>				
<b>Financial Assets</b>				
Cash balances with central bank	1,020,000	-	-	1,020,000
Due from banks	13,961,988	-	32,455	13,929,534
Loans and advances				-
Mortgage loans	8,537,196	19,207,810	241,004	8,296,192
NHF Loans	259,539	719,605	5,619	253,920
Advance loans	3,520,518	5,977,085	45	3,520,473
Securities at amortised cost	53,816,706	-	120,967	53,695,739
Other financial assets	844,378	-	2,379	842,000
<b>Total Financial Assets at amortised cost</b>	<b>81,960,326</b>	<b>25,904,501</b>	<b>402,469</b>	<b>81,557,857</b>

	Maximum Exposure to credit risk	Fair Value of collateral and credit enhancements held		
		Total Collateral Value	Associated ECLs	Net Exposure
<b>31 December 2023</b>				
<i>In #'thousands</i>				
<b>Financial Assets</b>				
Cash balances with central bank	766,369	-	-	766,369
Due from banks	12,762,471	-	32,455	12,730,016
Loans and advances				-
Mortgage loans	12,589,387	25,983,593	433,070	12,156,317
NHF Loans	273,947	720,020	11,291	262,656
Advance loans	1,719,314	2,477,442	0	1,719,314
Securities at amortised cost	26,787,756	-	11,975	26,775,781
Other financial assets	100,000	-	2,379	97,621
<b>Total Financial Assets at amortised cost</b>	<b>54,999,244</b>	<b>29,181,055</b>	<b>491,169</b>	<b>54,508,074</b>

### 3.3.5 Analysis of risk concentration

The Bank's concentration of risk are managed by client/counterparty, industry sector region (See Note 3.3.5.1) and geographic sector (Note 3.3.5.2).

The following table shows the risk concentration by industry for the components of the statement of financial position.

## Notes to the financial statements

### 3.3.5.1 Industry analysis

<b>31 December 2024</b>	<b>Financial services</b>	<b>Government</b>	<b>Others</b>	<b>Total</b>
<i>In #'thousands</i>				
<b>Financial Assets</b>				
Cash balances with central bank	-	1,020,000	-	1,020,000
Balances with FMBN	250	-	-	250
Balances with other banks	10,345,342			10,345,342
Fixed placement with banks	3,616,396			3,616,396
Loans and advances				
Construction Loans (CCL)	-	-	6,025,636	6,025,636
Loan and Advances (MSCHL)	-	-	3,448,382	3,448,382
Mortgage FMBN bonds (FMBN)	-	-	5,200	5,200
Mortgage Home Loans (MHL)	-	-	2,353,018	2,353,018
NHF Loans	-	-	239,496	239,496
School Loans	-	-	-	-
Staff Mortgage Loans	-	-	203,448	203,448
Staff Personal Loans	-	-	42,073	42,073
Staff Share Loan	-	-	-	-
Total loans and advances	-	-	12,317,253	<b>12,317,253</b>
Securities at amortised cost	40,244,711	13,571,995	-	<b>53,816,706</b>
Other financial assets	-	-	4,500	<b>4,500</b>
Total gross carrying amount	54,206,700	14,591,995	12,321,753	<b>81,120,447</b>
Expected credit loss	(32,455)	(120,967)	(249,047)	(402,469)
<b>Total Financial Assets</b>	<b>54,174,245</b>	<b>14,471,028</b>	<b>12,072,706</b>	<b>80,717,979</b>
<b>31 December 2023</b>				
<i>In #'thousands</i>				
<b>Financial Assets</b>				
Cash balances with central bank	-	766,369	-	630,000
Balances with FMBN	250	-	-	250
Balances with other banks	8,682,345			4,647,346
Fixed placement with banks	4,079,876			23,227,913
Loans and advances				
Construction Loans (CCL)	-	-	2,496,190	987,269
Loan and Advances (MSCHL)	-	-	5,028,131	128,032
Mortgage FMBN bonds (FMBN)	-	-	4,788	4,268
Mortgage Home Loans (MHL)	-	-	6,599,465	3,749,434
NHF Loans	-	-	269,119	296,242
School Loans	-	-	562	2,249
Staff Mortgage Loans	-	-	138,583	92,438
Staff Personal Loans	-	-	45,810	-
Staff Share Loan	-	-	-	387,396
Total loans and advances	-	-	14,582,648	<b>5,647,328</b>
Securities at amortised cost	14,474,735	12,313,021	-	<b>26,787,756</b>
Other financial assets	-	-	100,000	<b>100,000</b>
Total gross carrying amount	27,237,206	13,079,389	14,682,648	<b>54,999,244</b>
Expected credit loss	(44,429)	(11,975)	(446,743)	(503,148)
<b>Total Financial Assets</b>	<b>27,192,777</b>	<b>13,067,414</b>	<b>14,235,905</b>	<b>54,496,096</b>

## Notes to the financial statements

### 3.3.5.2 Geographic Analysis

For this table, the Bank has allocated exposures to regions based on the state of domicile of its counterparties:

	2024 ₦'000	2023 ₦'000
Cash with central bank – Head office	1,020,000	766,369
Due from banks – Head office	3,616,396	4,079,876
Expected credit loss	-	-
Net cash with central and due for banks	4,636,396	4,846,245
Loans and advances:		
Head Office	11,364,552	12,126,036
Apapa	835	28,196
Iba	160,847	104,286
Okota	57,417	232,997
Asaba	53,135	213,561
Abuja 1	74,234	7,023
Abuja 2	85,926	843,358
Victoria Island	333,248	360,642
Baze	187,059	666,549
Total loans and advances	12,317,253	14,582,648
Expected credit loss	(246,668)	(444,365)
Net loans and advances	12,070,585	14,138,284
Securities at amortised cost	53,816,706	26,787,756
Other financial assets	4,500	100,000
Expected credit losses	(123,347)	(14,354)
<b>Total financial assets</b>	<b>70,404,841</b>	<b>45,857,930</b>

### 3.4 Liquidity risk

#### 3.4.1 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all Bank operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

#### Management of liquidity risk

The Bank liquidity management process, as carried out within the Bank and monitored by a separate team in the Bank known as the asset and liability management committee (ALCO), its functions include:

- 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 borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Bank Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

## Notes to the financial statements

### 3.4.2 Maturity analysis

3.4.2a The table below analyses financial assets and liabilities of the Bank into relevant maturity based on the remaining period at reporting date to the contractual maturity date. The table includes both principal and interest earned as at year end.

	Up to 3 months N'000	3-6 months N'000	7 to 12 months N'000	After 12 months N'000	Total N'000
<b>As at 31 December 2024</b>					
Cash on hand	15,297	-	-	-	15,297
Due from banks	13,961,738	-	-	250	13,961,988
Loans and advances	2,223,103	2,180,145	4,763,477	3,150,528	12,317,253
Financial investments - securities at FVTPL	-	-	-	883,642	883,642
Securities at amortised cost	7,393,487	21,341,683	15,145,938	9,935,599	53,816,707
Other assets	4,500	-	-	-	4,500
Cash balances with central bank	-	-	-	1,020,000	1,020,000
<b>Total financial assets</b>	<b>23,598,125</b>	<b>23,521,828</b>	<b>19,909,415</b>	<b>14,990,019</b>	<b>82,019,387</b>
Due to other financial institutions	10,964,820	-	-	-	10,964,820
Due to customers	36,561,252	7,893,230	9,343,529	102,746	53,900,757
Borrowings	844,236	820,124	805,349	2,598,846	5,068,555
Deposit for shares	-	-	-	4,000,000	4,000,000
Other financial liabilities	507,205	-	-	-	507,205
Due to the National Housing Fund	-	-	-	263,001	263,001
<b>Total financial liabilities</b>	<b>48,877,514</b>	<b>8,713,354</b>	<b>10,148,878</b>	<b>6,964,593</b>	<b>74,704,338</b>
<b>Net financial assets (liabilities)</b>	<b>(25,279,389)</b>	<b>14,808,474</b>	<b>9,760,537</b>	<b>8,025,426</b>	<b>7,315,048</b>

	Up to 3 months N'000	3-6 months N'000	7 to 12 months N'000	After 12 months N'000	Total N'000
<b>As at 31 December 2023</b>					
Cash on hand	37,987	-	-	-	37,987
Due from banks	4,053,383	3,678,194	4,998,190	250	12,730,016
Loans and advances	987,460	4,233,715	4,641,111	4,720,362	14,582,648
Financial investments - securities at FVTPL	-	-	-	603,943	603,943
Securities at amortised cost	789,819	-	8,953,999	17,043,938	26,787,756
Other assets	100,000	-	-	-	100,000
Cash balances with central bank	-	-	-	766,369	766,369
<b>Total financial assets</b>	<b>5,968,649</b>	<b>7,911,909</b>	<b>18,593,299</b>	<b>23,134,862</b>	<b>55,608,719</b>
Due to other financial institutions	10,033	-	-	-	10,033
Due to customers	22,710,101	7,893,230	9,343,529	102,746	40,049,606
Borrowings	124,002	867,112	677,620	2,329,833	3,998,567
Deposit for shares	-	-	-	4,000,000	4,000,000
Other financial liabilities	464,155	-	-	-	464,155
Due to the National Housing Fund	-	-	-	289,624	289,624
<b>Total financial liabilities</b>	<b>23,308,291</b>	<b>8,760,342</b>	<b>10,021,149</b>	<b>6,722,202</b>	<b>48,811,984</b>
<b>Net financial assets (liabilities)</b>	<b>(17,339,642)</b>	<b>(848,433)</b>	<b>8,572,150</b>	<b>16,412,660</b>	<b>6,796,735</b>

Other financial liabilities include account payable and lease liability.

## Notes to the financial statements

### 3.4.2 Maturity analysis of assets and liabilities

3.4.2b The table below analyses the assets and liabilities of the Bank according to when they are expected to be recovered or settled.

	Current N'000	Non-current N'000	Total N'000
<b>As at 31 December 2024</b>			
<b>Assets</b>			
Cash on hand	15,297	-	15,297
Cash balances with central bank	-	1,020,000	1,020,000
Due from banks	13,929,534	-	13,929,534
Loans and advances	7,658,390	4,412,195	12,070,585
Financial investments - securities at FVTPL	-	883,642	883,642
Financial Investments - securities at amortised cost	43,881,108	9,935,599	53,816,707
Other assets	841,999	-	841,999
Property and equipment	-	1,479,168	1,479,168
Intangible assets	-	270,246	270,246
Non-current assets held for sale	45,251	-	45,251
<b>Total assets</b>	<b>66,371,578</b>	<b>18,000,850</b>	<b>84,372,428</b>
<b>Liabilities</b>			
Due to other Banks	10,964,820	-	10,964,820
Due to customers	53,157,751	743,006	53,900,757
Current income tax payable	125,681	-	125,681
Other liabilities	661,834	-	661,834
Borrowings	2,469,710	2,598,845	5,068,554
Deposit for shares	-	4,000,000	4,000,000
Due to the National Housing Fund	25,530	237,471	263,001
<b>Total liabilities</b>	<b>67,405,325</b>	<b>7,579,322</b>	<b>74,984,647</b>

	Current N'000	Non-current N'000	Total N'000
<b>As at 31 December 2023</b>			
<b>Assets</b>			
Cash on hand	37,987	-	37,987
Cash balances with central bank	-	766,369	766,369
Due from banks	12,729,766	250	12,730,016
Loans and advances	9,862,286	4,275,998	14,138,284
Financial investments - securities at FVTPL	-	550,527	550,527
Financial Investments - securities at amortised cost	9,743,818	17,031,963	26,775,781
Other assets	1,072,504	-	1,072,504
Property and equipment	-	1,351,533	1,351,533
Intangible assets	-	73,990	73,990
Non-current assets held for sale	45,251	-	45,251
<b>Total assets</b>	<b>33,491,612</b>	<b>24,050,630</b>	<b>57,542,242</b>
<b>Liabilities</b>			
Due to other financial institutions	10,033	-	10,033
Due to customers	40,049,606	-	40,049,606
Current income tax payable	83,843	-	83,843
Other liabilities	540,871	-	540,871
Borrowings	1,961,192	2,037,375	3,998,567
Deposit for shares	-	4,000,000	4,000,000
Due to the National Housing Fund	26,623	263,001	289,624
<b>Total liabilities</b>	<b>42,672,168</b>	<b>6,300,376</b>	<b>48,972,543</b>

## Notes to the financial statements

### 3.5 Market risk

Market risk is the exposure to an adverse change in the market value of our trading and investment positions caused by a change in prices and rates.

Such positions result from market making, proprietary trading, underwriting and investing activities.  
The market risk factors are foreign exchange rates, commodity price, interest rates, and equity prices.

Each market risk category the Bank is exposed to daily is described below:

- Foreign exchange risks arise from exposures to changes in spot and forward rates and volatilities of the exchange rates.
- Interest rate risks result from exposures to changes in the level and shape of the yield curve, the volatility of interest rates and credit spreads.
- Equity price risks result from exposures to the changes in prices and volatilities of individual equities.

#### 3.5.1 Management of market risk

The Bank has put in place a clearly defined market risk management framework that provides the Board of Directors and Management with guidance on market risk management processes. The Bank has also prescribed tolerable market related losses, vis-a-vis the quantum of available capital and level of other risk exposures.

The Bank's market risk policy and strategy are anchored on the

- Product diversification which involves trading, application and investment in a wide range and class of products such as corporate securities and government securities;
- Risk taking within well-defined limits with the sole purpose of creating and enhancing shareholder value and competitive advantage;
- Effective utilisation of risk capital;
- Continuous re-evaluation of risk appetite and communication of same through market risk limits;
- Independent market risk management function that reports directly to Management;
- Robust market risk management infrastructure reinforced by a strong automated system for controlling, monitoring and reporting market risk
- Deployment of a variety of tools to monitor and restrict market risk exposures such as position limits, sensitivity analysis, ratio analysis and management action triggers;
- Setting the internal Open Position Limit (OPL) lower than the CBN prescribed limit (currently 5% of shareholders' funds). The Bank has put in place an approval process for exceeding the internal OPL limit. However, any trading above the CBN regulated OPL limit must be approved by the Central Bank;
- Enforcement of market risk operating limits and other risk management guidelines that will ensure consistent compliance with OPL limit.

#### 3.5.2 Market risk measurement techniques

##### (a) Value at risk (VAR)

The Bank applies a 'value at risk' (VAR) methodology to its trading portfolios (including assets and liabilities designated at fair value) and at a Bank level to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted by the Bank, which are monitored on a daily basis by Bank Treasury. Interest rate risk in the non-trading book is measured through the use of interest rate repricing gap analysis.

VAR, in general, is a quantitative measure of market risk which applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VAR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VAR measure, are likely to be experienced three times per year in every 250 days.

The Bank uses parametric method as its VAR methodology with an observation period of two years obtained from published data from preapproved sources. VAR is calculated on the Bank's positions at close of business.

##### (b) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.

In recognition of the volatile market environment and the frequency of regulations that have had a significant effect on market rates and prices, the Bank augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The ALCO has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress test scenarios are applied to interest rates, exchange rates, and equity prices.

## Notes to the financial statements

### Non-trading book: Other sensitivity analyses

The Bank is yet to adopt the use of VAR for its equity exposure as a result of low market liquidity. The Bank does not trade in commodity and therefore is not exposed to commodity risk except in transactions where commodities have been used as collateral for credit transactions. The latter is covered under credit risk management.

### 3.5.3 Equity and commodity price risk

The Bank is exposed to equity price risk by holding investments quoted on the Nigerian Exchange Group (NGX) and other non-quoted investments. Equity securities quoted on the NGX is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Bank.

The Bank holds 5,000,000 quoted shares in Universal Insurance Plc with a market value of N1 million and 55,555,555 quoted shares in Nigeria Mortgage Refinance Bank with carrying value of N291.1million as at year end.

The Bank does not hedge against this risk, hence, these are the exposures to the risk

The Bank does not deal in commodities and is therefore not exposed to any commodity price risk.

The following table details the sensitivity to a 5% increase and decrease in equity prices. Management believe that a 5% movement in either direction is reasonably possible at the reporting date.

#### Equity price sensitivity analysis

	2024	2023
	₦'000	₦'000
<b>Impact on total comprehensive income</b>		
5% increase with all other variables held constant	44,182	27,526
5% decrease with all other variables held constant	(44,182)	(27,526)

### 3.5.4 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank manages this risk by ensuring significant portion of its loans are contracted on fixed interest rate.

## Notes to the financial statements

### 3.6 Fair value of financial assets and liabilities

#### (a) Financial instruments measured at fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank market assumptions. These two types of inputs have created the following fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
<b>As at 31 December 2024</b>				
<b>Assets measured at fair value</b>				
Financial investments - securities at FVTPL	383,989	-	499,653	883,642
<b>Assets for which fair value is disclosed</b>				
Loans and advances	-	-	12,674,114	12,674,114
Financial Investments- securities at amortised cost	-	59,198,377	-	59,198,377
	383,989	59,198,377	13,173,768	72,756,133
<b>Liabilities for which fair value is disclosed</b>				
Due to other Banks	-	-	10,964,820	10,964,820
Due to customers	-	-	53,900,757	53,900,757
Other financial liabilities	-	-	507,205	507,205
Due to the National Housing Fund	-	-	263,001	263,001
	-	-	65,635,783	65,635,783
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Financial investments - securities at FVTPL	360,822	-	180,182	541,004
<b>Assets for which fair value is disclosed</b>				
Loans and advances	-	-	14,582,648	14,582,648
Financial Investments- securities at amortised cost	-	26,787,756	-	26,787,756
	360,822	26,787,756	14,762,831	41,911,408
<b>Liabilities for which fair value is disclosed</b>				
Due to other financial institutions	-	-	10,033	10,033
Due to customers	-	-	33,187,532	33,187,532
Other financial liabilities	-	-	464,155	464,155
Due to the National Housing Fund	-	-	289,624	289,624
	-	-	33,951,344	33,951,344

#### Valuation of investment measured at fair value through profit or loss

Level 1 equity securities refer to securities quoted on the Nigerian Exchange Group and NASD. The valuation process involves obtaining the quoted price of the investment, multiplying it by the number of units held, and comparing the resulting value with the carrying amount to determine the net gain or loss.

For mutual fund investments, the market price is obtained and multiplied by the number of units held to determine the fair value. This fair value is then compared with the carrying amount to assess the fair value gain or loss.

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 equity instruments purchased close to the year-end were valued using the recent transaction price. Pre-existing unquoted securities, on the other hand, were valued using comparative company analysis and precedent transaction multiples.

The steps involved in estimating the fair value of these investments are as follows:

1. Identify quoted companies with a similar line of business, structure, and size, as well as unquoted companies that were recently bought or sold.
2. Obtain the EV/EBITDA and EV/Revenue multiples of these identified companies from Capital IQ.
3. Calculate the average (mean) or median of the EV/EBITDA and EV/Revenue multiples.
4. Apply the selected multiple (mean or median) to the earnings of the investment company to determine its estimated value.
5. Adjust the derived value by applying an illiquidity discount and a size adjustment/haircut to obtain the adjusted equity value.

## Notes to the financial statements

The fair value of the loans and advances and Due to NHF have been determined using the discounted cash flow method (DCF) using the Central Bank of Nigeria prime lending rate at the year end, the significant observable input.

The fair values of cash balances with Central Bank, Due from Banks and other liabilities estimates their carrying amounts due to their short nature.

There have been no transfer between the levels.

- (b) Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial statements.

	Carrying value		Fair value	
	2024	2023	2024	2023
	₦'000	₦'000	₦'000	₦'000
Loans and advances	12,070,585	14,138,284	12,674,114	14,845,198
Financial investments - securities at FVTPL	883,642	550,527	883,642	550,527
Financial Investments- securities at amortised cost	53,816,706	26,787,756	59,198,377	29,466,531
	<u>66,770,934</u>	<u>41,476,566</u>	<u>72,756,134</u>	<u>44,862,256</u>
Due to other financial institutions	10,964,820	10,033	10,964,820	10,033
Due to customers	53,900,757	40,049,606	53,900,757	40,049,606
Other financial liabilities	507,205	462,821	507,205	464,155
Due to the National Housing Fund	263,001	289,624	263,001	289,624
	<u>65,635,783</u>	<u>40,812,084</u>	<u>65,635,783</u>	<u>40,813,418</u>

- (c) **Fair valuation methods and assumptions**

- (i) Equity securities

The fair value of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for the instrument. As at the reporting date, the Bank does not have any plan to dispose the investments and plans to hold the investment for the foreseeable future.

- (ii) Loans and advances

Loans and advances are carried at amortised cost gross of expected credit loss. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at average of prime lending rate and maximum lending rate to determine fair value.

- (iii) Financial Investments -securities at amortised

Fair value of financial investments at amortised cost approximates the carrying amount due to their short term nature.

- (iv) Due to other financial institutions, due to customers, other liabilities and due to NHF

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair values of due to NHF are determined using average of prime lending rate and maximum lending rate appropriate for the remaining term to maturity.

### 3.7 Capital management

The Bank objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of Regulatory Capital are monitored daily by the Bank's management, employing techniques based on the CBN guideline. The required information is filed with the CBN on a quarterly basis.

The Bank maintains a ratio of Total Regulatory Capital to its risk-weighted assets (the 'Basel ratio') above a minimum level required by the regulatory authority which takes into account the risk profile of the Bank.

## Notes to the financial statements

The regulatory capital requirements are strictly observed when managing economic capital. The Bank's regulatory capital, comprising of the following two tiers, is managed by Risk Management, Treasury and Strategy.

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations, statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity.
- Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2024. During the year, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	<b>2024</b>	<b>2023</b>
	<b>₦'000</b>	<b>₦'000</b>
Tier 1 capital		
Share capital	5,076,923	5,076,923
Share premium	1,576,504	1,576,504
Retained earnings	1,127,763	623,525
Statutory reserve	686,335	472,697
Intangible assets	(270,246)	(73,990)
<b>Total regulatory capital</b>	<b>8,197,279</b>	<b>7,675,659</b>

In accordance with CBN circular BSD/DIR/GEN/LAB/07/021, regulatory reserve is no longer included in Tier 1 capital computation.

Risk-weighted assets		
On statement of financial position	12,496,049	12,692,305
Off statement of financial position	-	-
	<b>12,496,049</b>	<b>12,692,305</b>
<b>Risk-weighted Capital Adequacy Ratio (CAR)</b>	<b>66%</b>	<b>60%</b>
<b>Minimum Capital Adequacy Ratio (CAR)</b>	<b>10%</b>	<b>10%</b>

## Notes to the financial statements

### 4 Segment reporting

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Bank's CEO. The CEO is considered the chief operating decision maker in the Bank. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

#### 4.1 Services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Bank's reportable segments under IFRS 8 are based on geography and are split between the north and the south of the Country

#### 4.2 Geographical segment revenues and results

The following is an analysis of the Bank's revenue and results from continuing operations by reportable segment.

	North N'000	South N'000	Total N'000
<b>Year ended 31 December, 2024</b>			
Interest income calculated using the effective interest rate method	119,353	11,834,831	11,954,184
Interest expense calculated using the effective interest rate method	(256,946)	(8,300,581)	(8,557,527)
Net interest income	<b>(137,593)</b>	<b>3,534,250</b>	<b>3,396,657</b>
Fees and commission income	2,716	204,952	207,668
Other operating income	19,023	253,039	272,063
Total operating income	(115,854)	3,992,242	3,876,388
Credit loss expense	(57)	(84,143)	(84,200)
Net operating income	<b>(115,911)</b>	<b>3,908,098</b>	<b>3,792,188</b>
			-
Personnel expenses	(62,894)	(892,121)	(955,015)
Depreciation	(15,914)	(175,057)	(190,971)
Amortisation	-	(28,700)	(28,700)
Other operating expenses	(39,878)	(1,348,673)	(1,388,551)
Total operating expenses	(118,686)	(2,444,552)	(2,563,238)
Segment profit/(loss)	(234,596)	1,463,546	1,228,950
Taxation	-	(160,758)	(160,758)
<b>Loss/(Profit) for the year</b>	<b>(234,596)</b>	<b>1,302,789</b>	<b>1,068,193</b>

	North N'000	South N'000	Total N'000
<b>As at December 31, 2024</b>			
<b>Assets</b>			
Cash on hand	4,724	10,573	15,297
Cash balances with central bank	-	1,020,000	1,020,000
Due from banks	-	13,929,534	13,929,534
Loans and advances	101,133	11,969,452	12,070,585
Financial investments - securities at FVTPL	-	883,642	883,642
Financial Investments- securities at amortised cost	-	53,695,739	53,695,739
Other assets	6,251	835,748	842,000
Property and equipment	226,360	1,252,808	1,479,168
Intangible assets	-	270,246	270,246
Non-current assets held for sale	-	45,251	45,251
	<b>338,468</b>	<b>83,912,993</b>	<b>84,251,461</b>
<b>Liabilities</b>			
Due to other financial institutions	-	(10,964,820)	(10,964,820)
Deposits from customers	(3,437,333)	(50,463,424)	(53,900,757)
Other liabilities	(19,774)	(642,060)	(661,834)
Current income tax payable	-	(125,681)	(125,681)
Borrowings	-	(5,068,555)	(5,068,555)
Deposit for shares	-	(4,000,000)	(4,000,000)
Due to National Housing Fund	-	(263,002)	(263,002)
	<b>(3,457,107)</b>	<b>(71,527,542)</b>	<b>(74,984,649)</b>

For the purposes of monitoring segment performance and allocating resources between segments:

\* All assets are allocated to reportable segments.

\* All liabilities are allocated to reportable segments other than current tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

The Bank's operations are geographically divided into two segments (North and South) based on its operations within the northern and southern Nigeria. The bank does not have operations outside the country.

## Notes to the financial statements

	2024	2023
	₦'000	₦'000
<b>5 Interest income calculated using effective interest rate</b>		
Loans and advances	2,573,995	1,767,144
Cash and short term funds	7,383,862	4,780,029
Investment securities at amortized cost	1,996,327	655,898
<b>Balance as at 31 December</b>	<b>11,954,184</b>	<b>7,203,071</b>

	2024	2023
	₦'000	₦'000
<b>6 Interest expense calculated using effective interest rate</b>		
Due to customers	6,093,166	3,937,143
Borrowings	861,806	268,093
Due to other banks	1,602,554	423,861
<b>Balance as at 31 December</b>	<b>8,557,527</b>	<b>4,629,097</b>

	2024	2023
	₦'000	₦'000
<b>7 Fees and commission income</b>		
Mortgage fees	51,663	129,982
Advisory fees	156,005	265,100
<b>Balance as at 31 December</b>	<b>207,668</b>	<b>395,082</b>

Mortgage fees were earned from services provided overtime. The portion of the fee income earned over time in the course of the year amounted to N 51.66 m (2023: N129.9m). Advisory fees relates to fee earned for providing expert guidance on mortgage financing, refinancing options, or structuring real estate-related credit facilities. The fees are earned over time.

	2024	2023
	₦'000	₦'000
<b>8 Other income</b>		
Rental income	3,609	1,192
Dividend income	41,500	27,739
Loan recoveries	10,505	28,978
Liquidation termination penalty charges	85,070	54,664
Account maintenance fees	39,249	30,281
NIBSS instant payment (NIP) fees	7,266	4,316
SMS income charges	5,578	2,907
Sundry income	22,021	11,822
Net gains on financial assets at fair value through profit or loss	56,642	53,416
Profit on disposal of property, plant and equipment	623	2,284
<b>Balance as at 31 December</b>	<b>272,063</b>	<b>217,599</b>

Loan recoveries represents amount recovered from previously written off facilities. This amount is recognized on a cash basis only. Sundry income relates to income earned on commission on turnover N 11.5m (2023: N4.8m), POS transactions N 5.5m (2023: N2.91m) etc.

	Notes	2024	2023
		₦'000	₦'000
<b>9 Net Impairment charge/(write back) on financial asset at amortised cost</b>			
Impairment writeback - balances due from CBN		-	(109)
Impairment writeback - balances due from banks	17.1	-	(29,102)
Impairment writeback - loans and advances	18.1	(24,792)	(43,002)
Impairment charge/(writeback) - securities at amortised cost	20.1	108,992	(36,271)
<b>Balance as at 31 December</b>		<b>84,200</b>	<b>(108,484)</b>

The table below shows the ECL charge on financial instruments for the year ended 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
Loans and advances	(3,023)	(204)	(21,566)	(24,792)
Investment securities at amortised cost	108,992	-	-	108,992
<b>Total impairment write back</b>	<b>105,969</b>	<b>(204)</b>	<b>(21,566)</b>	<b>84,200</b>

The table below shows the ECL writeback on financial instruments for the year ended 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Balances with Central Bank of Nigeria	(109)	-	-	(109)
Due from banks	(29,102)	-	-	(29,102)
Loans and advances	(45,093)	(394)	2,485	(43,002)
Investment securities at amortised cost	(36,271)	-	-	(36,271)
<b>Total impairment write back</b>	<b>(110,575)</b>	<b>(394)</b>	<b>2,485</b>	<b>(108,484)</b>

## Notes to the financial statements

### 10 Personnel expenses

Employee costs, including executive directors during the year is shown below:

	2024	2023
	N'000	N'000
Wages, salaries and other staff costs	867,789	695,188
Retirement contribution plan	36,068	36,062
Medical expenses	51,157	43,373
<b>Balance as at 31 December</b>	<b>955,015</b>	<b>774,623</b>

Other staff costs comprise contributions made to the Nigerian Social Insurance Trust Fund on behalf of staff as well as other staff related costs.

#### Employees

The average number of persons employed by the Bank during the year was as follows:

	Number	Number
Executive Director	2	2
Management	6	6
Non-management	134	130
<b>Balance as at 31 December</b>	<b>142</b>	<b>138</b>

Employees other than non-executive directors whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Number	Number
Below N1,000,000	-	3
N1,000,001 - N2,000,000	18	21
N2,000,001 - N3,000,000	7	5
N3,000,001 - N4,000,000	44	35
N4,000,001 - N5,000,000	29	19
Above N5,000,000	42	53
<b>Total number as at 31 December</b>	<b>140</b>	<b>136</b>

In accordance with the provision of the Pension Act 2004, the Company commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 8% and 10% respectively of the employees' basic salary, housing and transport allowances

### 11 Depreciation

	2024	2023
	N'000	N'000
Depreciation of property, plant and equipment (Note 22)	190,971	155,645
<b>Balance as at 31 December</b>	<b>190,971</b>	<b>155,645</b>

### 12 Other operating expenses

	2024	2023
	N'000	N'000
Directors remuneration	120,808	112,805
Subscriptions, publications, stationeries and communications	273,429	248,996
Property and equipment repairs and maintenance	146,967	116,313
Insurance expenses	62,968	48,091
Electricity and gas	119,877	62,322
Deposit insurance commission	97,935	119,650
Auditors remuneration	37,625	28,000
Professional fees	158,840	174,692
Security costs	43,701	49,170
Advertising expense	3,875	13,219
Bank charges	28,761	7,719
Bad debt written off	33,711	59,755
Fine	-	1,400
Donation	4,592	1,550
Lease charges - short term	7,083	10,413
Other directors related expenses	-	55,000
Corporate expenses	74,896	65,358
Other expenses	173,484	229,614
<b>Balance as at 31 December</b>	<b>1,388,551</b>	<b>1,404,067</b>

Bad debt written off of N 33,71m relates to loan write off during the year

Other expenses is made up of local travel expenses N38.49m (2023:N27.28m) , miscellaneous expense N 16.85m (2023: N97.57m), staff training materials N11.02m (2023: N9.36m), travel expenses N44.68m (2023: N36.38m), office consumables N27.71m (2023: N25.81m)

Other directors related expenses relates to expenses paid to retiring directors.

## Notes to the financial statements

### 13 Income tax expense

	2024 ₦'000	2023 ₦'000
<b>13.1 Current income tax for the year</b>		
Income tax	61,723	38,939
Education tax	48,437	29,181
Information technology levy	12,290	9,513
NASENI Levy	3,072	2,378
Nigerian police fund levy	61	48
<b>Total current income tax expense</b>	<b>125,681</b>	<b>80,059</b>
<b>Deferred tax (Net)</b>		
Deferred tax - current origination and reversal	35,077	-
<b>Income tax expense</b>	<b>160,758</b>	<b>80,059</b>

### 13.2 Reconciliation of effective tax rate

The effective income tax rate for 2024 is 10% (2023: 8%).

The Bank is assessed on minimum tax for 2024 in compliance with the provision of the Finance Act 2020.

Where in any year of assessment the ascertainment of total assessable profits from all sources of a Bank results in a loss or where a Bank's ascertained total profits results in no tax payable or tax payable which is less than the minimum tax there shall be levied and paid by the Bank, the minimum tax as prescribed in the subsection (2) of this sections. In compliance with Finance Act 2020, the minimum tax to be levied and paid is computed as 0.5% of gross turnover of the company less franked investment income

#### Reconciliation of effective tax rate

		2024 ₦'000		2023 ₦'000
<b>Profit before taxation</b>	<b>%</b>	<b>1,228,951</b>	<b>%</b>	<b>951,343</b>
Income tax using the domestic corporate tax rate	30%	368,685	30%	285,403
Income not subject to tax	-29%	(361,937)	-17%	(162,349)
Non-deductible expenses	38%	473,060	22%	204,951
Education tax	4%	48,437	3%	29,181
Unrecognised tax losses*	-39%	(479,710)	-34%	(328,006)
National agency for science and engineering Infrastructure levy	0%	3,072	0%	2,378
Nigerian police fund levy	0%	61	0%	48
Information technology levy	1%	12,290	1%	9,513
Effect of minimum tax floor	5%	61,723	4%	38,938
Deferred tax expense	3%	35,077	0%	-
<b>At end of the year</b>	<b>10%</b>	<b>160,758</b>	<b>8%</b>	<b>80,059</b>

\*Unrecognised tax losses have been disclosed in the reconciliation along with prior year.

Income not subject to tax relates to income earned from investment in FGN Bonds

### 13.3 Current income tax payable

At beginning of the year	83,843	63,988
Income tax expense	125,681	80,059
Withholding tax credit received	(38,661)	-
Payments during the year	(45,182)	(60,204)
<b>At end of the year</b>	<b>125,681</b>	<b>83,843</b>

## Notes to the financial statements

### 14 Earnings per share - Basic and Diluted

#### Basic

Basic profit per share has been calculated based on profit after tax attributable to the shareholders during the year and the weighted average number of issued share capital of 10,153,846 at year end (2023:10,153,846)

	2024	2023
	₦'000	₦'000
Profit after income tax attributable to the shareholders (₦'000)	1,068,193	871,284
Issued share capital (Unit '000)	10,153,846	10,153,846
Weighted average number of shares ('000)	10,153,846	10,153,846
<b>(in kobo)</b>	<b>11</b>	<b>8</b>

#### Diluted

There was no diluting instruments as at the reporting date. Hence, diluted earnings per share is the same as basic earnings per share.

### 15 Cash on hand

	2024	2023
	₦'000	₦'000
Cash	15,297	37,987
<b>Balance as at 31 December</b>	<b>15,297</b>	<b>37,987</b>
Current	15,297	37,987
Non-Current	-	-
<b>Balance as at 31 December</b>	<b>15,297</b>	<b>37,987</b>

### 16 Cash balances with central bank

Deposits with CBN	1,020,000	766,369
<b>Balance as at 31 December</b>	<b>1,020,000</b>	<b>766,369</b>

Cash reserves with Central Bank of Nigeria (CBN) are restricted balances and are not available for use in the Bank's day to day operations. The Bank is expected to maintain an amount of 2% of its adjusted deposit liabilities with the CBN as cash reserve at all times. This balance is classified as non-current asset

Current	-	-
Non-Current	1,020,000	766,369
<b>Balance as at 31 December</b>	<b>1,020,000</b>	<b>766,369</b>

### 17 Due from other banks

	2024	2023
	₦'000	₦'000
Balances with FMBN	250	250
Balances with other banks	10,345,342	8,682,345
Fixed placement with banks	3,616,396	4,079,876
Allowances for impairment on balances due from other banks	(32,455)	(32,455)
<b>Balance as at 31 December</b>	<b>13,929,534</b>	<b>12,730,016</b>
Current	13,929,534	12,730,016
Non-Current	-	-
<b>Balance as at 31 December</b>	<b>13,929,534</b>	<b>12,730,016</b>

The balance with FMBN is a mandatory specified deposit required for the National Housing Fund on-lending loan. Balance with other banks earns interest at floating rates based on daily bank deposit rates. Fixed placements with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank, and earn interest at the respective fixed placement rates.

Fixed placement with banks are short-term placements ranging from one day to three months, depending on the immediate cash requirements of the Bank.

The movement in impairment allowance on due from banks was assessed for impairment and from computation, the change is deemed immaterial and has not been recognised.

#### Rate range analysis:

Fixed placements with banks and other financial institution	5.0%-40.0%	12.0%-25.0%
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## Notes to the financial statements

### 17.1 Impairment allowance on due from banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	2024			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000		N '000
<b>Performing</b>				
Standard grade	13,961,988	-	-	13,961,988
Sub-standard grade	-	-	-	-
<b>Non- performing</b>				
Individually impaired	-	-	-	-
<b>Total</b>	<b>13,961,988</b>	<b>-</b>	<b>-</b>	<b>13,961,988</b>

Internal rating grade	2023			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000		N '000
<b>Performing</b>				
Standard grade	12,762,471	-	-	12,762,471
Sub-standard grade	-	-	-	-
<b>Non- performing</b>				
Individually impaired	-	-	-	-
<b>Total</b>	<b>12,762,471</b>	<b>-</b>	<b>-</b>	<b>12,762,471</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2024</b>	12,762,471	-	-	12,762,471
Net movement	1,199,517	-	-	1,199,517
<b>At 31 December 2024</b>	<b>13,961,988</b>	<b>-</b>	<b>-</b>	<b>13,961,988</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
Gross carrying amount as at 1 January 2023	27,875,509	-	-	27,875,509
Net movement	(15,113,038)	-	-	(15,113,038)
<b>At 31 December 2023</b>	<b>12,762,471</b>	<b>-</b>	<b>-</b>	<b>12,762,471</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>ECL allowance as at 1 January 2024</b>	32,455	-	-	32,455
Write back	-	-	-	-
<b>At 31 December 2024</b>	<b>32,455</b>	<b>-</b>	<b>-</b>	<b>32,455</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2023	61,557	-	-	61,557
Write back	(29,102)	-	-	(29,102)
<b>At 31 December 2023</b>	<b>32,455</b>	<b>-</b>	<b>-</b>	<b>32,455</b>

### 17.2 Due to Other Banks

	2024	2023
	₦'000	₦'000
Overdrawn balances with banks	10,964,820	10,033
<b>Balance as at 31 December</b>	<b>10,964,820</b>	<b>10,033</b>

This is an approved overdraft facility obtained from First Bank of Nigeria and Access Bank in 2024. All balances are current.

	2024	2023
	₦'000	₦'000
<b>18 Loans and advances to customers</b>		
Mortgages	8,537,196	12,589,387
Advances	3,520,518	1,719,314
National Housing Fund	259,539	273,947
	12,317,253	14,582,648
Less ECL allowance	(246,668)	(444,365)
<b>Balance as at 31 December</b>	<b>12,070,585</b>	<b>14,138,283</b>

## Notes to the financial statements

### 18.1 Impairment allowances on Loans and advances

#### 18.1.1 Mortgages

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	2024			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>				
Standard grade	7,133,023	-	-	7,133,023
Sub-standard grade	-	459,340	-	459,340
<b>Non- performing</b>				
Individually impaired	-	-	944,833	944,833
<b>Total</b>	<b>7,133,023</b>	<b>459,340</b>	<b>944,833</b>	<b>8,537,196</b>

Internal rating grade	2023			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>				
Standard grade	10,646,372	-	-	10,646,372
Sub-standard grade	-	55,121	-	55,121
<b>Non- performing</b>				
Individually impaired	-	-	1,887,894	1,887,894
<b>Total</b>	<b>10,646,372</b>	<b>55,121</b>	<b>1,887,894</b>	<b>12,589,387</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to mortgage loan is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2024</b>	10,646,372	55,121	1,887,893	12,589,387
New assets originated or purchased/(derecognised or repaid)	(3,513,349)	404,219	(943,060)	(4,052,190)
<b>At 31 December 2024</b>	<b>7,133,023</b>	<b>459,340</b>	<b>944,833</b>	<b>8,537,196</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2023</b>	3,191,710	561,733	1,077,946	4,831,391
New assets originated or purchased/(derecognised or repaid)	7,454,662	(506,612)	809,947	7,757,997
<b>At 31 December 2023</b>	<b>10,646,372</b>	<b>55,121</b>	<b>1,887,893</b>	<b>12,589,387</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2024	12,483	204	396,944	409,631
Write off	-	-	(172,904)	(172,904)
Net Impairment (write back)/charge	2,398	(204)	2,083	4,278
<b>At 31 December 2024</b>	<b>14,881</b>	<b>-</b>	<b>226,123</b>	<b>241,004</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2023	20,406	598	405,148	426,152
Net Impairment (write back)/charge	(7,923)	(394)	(8,204)	(16,521)
<b>At 31 December 2023</b>	<b>12,483</b>	<b>204</b>	<b>396,944</b>	<b>409,631</b>

## Notes to the financial statements

### 18.1.2 Advances

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	2024			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>				-
Standard grade	-	-	-	-
Sub-standard grade	3,520,518	-	-	3,520,518
<b>Non- performing</b>				-
Individually impaired	-	-	-	-
<b>Total</b>	<b>3,520,518</b>	<b>-</b>	<b>-</b>	<b>3,520,518</b>

Internal rating grade	2023			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>				-
Standard grade	-	-	-	-
Sub-standard grade	1,719,314	-	-	1,719,314
<b>Non- performing</b>				-
Individually impaired	-	-	-	-
<b>Total</b>	<b>1,719,314</b>	<b>-</b>	<b>-</b>	<b>1,719,314</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to Advance loan is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2024</b>	1,719,314	-	-	1,719,314
New assets originated or purchased/(derecognised or repaid)	1,801,204	-	-	1,801,204
<b>At 31 December 2024</b>	<b>3,520,518</b>	<b>-</b>	<b>-</b>	<b>3,520,518</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2023</b>	493,412	-	22,017	515,429
New assets originated or purchased/(derecognised or repaid)	1,225,902	-	(22,017)	1,203,885
<b>At 31 December 2023</b>	<b>1,719,314</b>	<b>-</b>	<b>-</b>	<b>1,719,314</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2024	4,048	-	13,623	17,671
Net Impairment write back	(4,003)	-	(13,623)	(17,626)
<b>At 31 December 2024</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>45</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2023	34,317	-	18,310	52,627
Net Impairment writeback	(30,269)	-	(4,687)	(34,956)
<b>At 31 December 2023</b>	<b>4,048</b>	<b>-</b>	<b>13,623</b>	<b>17,671</b>

### 18.1.3 National Housing Fund

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	2024			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>				-
Standard grade	214,325	-	-	214,325
Sub-standard grade	-	-	-	-
<b>Non- performing</b>				-
Individually impaired	-	-	45,214	45,214
<b>Total</b>	<b>214,325</b>	<b>-</b>	<b>45,214</b>	<b>259,539</b>

## Notes to the financial statements

Internal rating grade	2023			Total
	Stage 1	Stage 2	Stage 3	
	N '000	N '000	N '000	
<b>Performing</b>				
Standard grade	187,917	-	-	187,917
Sub-standard grade	-	-	-	-
<b>Non- performing</b>				
Individually impaired	-	-	86,030	86,030
<b>Total</b>	<b>187,917</b>	<b>-</b>	<b>86,030</b>	<b>273,947</b>

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

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2024</b>	187,917	-	86,030	273,947
New assets originated or purchased/(Derecognised or repaid)	26,408	-	(40,816)	(14,408)
<b>At 31 December 2024</b>	<b>214,325</b>	<b>-</b>	<b>45,214</b>	<b>259,539</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2023</b>	199,906	14,664	85,940	300,510
New assets originated or purchased/(Derecognised or repaid)	(11,989)	(14,664)	90	(26,563)
<b>At 31 December 2023</b>	<b>187,917</b>	<b>-</b>	<b>86,030</b>	<b>273,947</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2024	1,731	-	15,332	17,063
Net Impairment (writeback)/charge	(1,418)	-	(10,026)	(11,444)
<b>At 31 December 2024</b>	<b>313</b>	<b>-</b>	<b>5,306</b>	<b>5,619</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2023	8,632	-	(44)	8,588
Net Impairment charge/(writeback)	(6,901)	-	15,376	8,475
<b>At 31 December 2023</b>	<b>1,731</b>	<b>-</b>	<b>15,332</b>	<b>17,063</b>

Current		7,658,390	9,862,286
Non-Current		4,412,195	4,275,998
<b>Balance as at 31 December</b>		<b>12,070,585</b>	<b>14,138,284</b>

### 19 Financial investments - securities at FVTPL

	2024	2023
	N'000	N'000
Quoted equity investments	308,856	307,406
Mutual funds	75,133	62,939
Unquoted equity Investment	499,653	180,182
<b>Balance as at 31 December</b>	<b>883,642</b>	<b>550,527</b>

	2024	2023
	N'000	N'000
<b>Movement in Financial investments - securities at FVTPL</b>		
Balance as at 1 January	550,527	497,111
Addition	276,474	-
Fair value gain on financial investments at FVTPL	56,642	53,416
<b>Balance as at 31 December</b>	<b>883,642</b>	<b>550,527</b>

Current	-	-
Non-Current	883,642	550,527
<b>Balance as at 31 December</b>	<b>883,642</b>	<b>550,527</b>

Quoted equity investment represents shares in Universal Insurance Plc, the Nigeria Mortgage Refinancing Company Plc (NMRC) and the Mortgage Warehouse of Company Ltd. These shares are quoted on the Nigerian Exchange Group and the NASD, the mutual funds investment represents investments in Norrenberger Money Market Funds, while the unquoted equity investment relates to investment in Emprego, Herel Limited, Credit Science and Artsplit Limited.

Fair value gain on these investments are reported in Other income (see note 8).

## Notes to the financial statements

### 20 Financial Investments- securities at amortised cost

	2024	2023
	N'000	N'000
Securities at amortised cost- Treasury bills	1,016,299	142,824
Securities at amortised cost- Bonds	12,555,696	12,170,197
Fixed deposit placements	40,244,711	14,474,735
	<u>53,816,706</u>	<u>26,787,756</u>
Expected credit loss	(120,967)	(11,975)
<b>Balance as at 31 December</b>	<b><u>53,695,739</u></b>	<b><u>26,775,781</u></b>
Current	43,881,108	9,743,818
Non-Current	9,935,599	17,031,963
<b>Balance as at 31 December</b>	<b><u>53,816,707</u></b>	<b><u>26,775,781</u></b>

The securities measured at amortised cost as disclosed here consist of investment in fixed income securities which are intended to be held till maturity.

The amount of total financial assets that have been pledged as collateral for liabilities as at 31 Dec 2024 was N10.68 billion (Dec 2023: N4.02 billion). The assets pledged by the Bank are strictly for the purpose of providing collateral to counterparties for various transactions.

#### 20.1 Impairment allowance on securities at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	2024			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>	-	-	-	-
Standard grade	53,816,706	-	-	53,816,706
Sub-standard grade	-	-	-	-
<b>Non- performing</b>	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b><u>53,816,706</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>53,816,706</u></b>

Internal rating grade	2023			
	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Performing</b>	-	-	-	-
Standard grade	26,787,756	-	-	26,787,756
Sub-standard grade	-	-	-	-
<b>Non- performing</b>	-	-	-	-
Individually impaired	-	-	-	-
<b>Total</b>	<b><u>26,787,756</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,787,756</u></b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
<b>Gross carrying amount as at 1 January 2024</b>	26,787,756	-	-	26,787,756
New assets originated or purchased	27,028,950	-	-	27,028,950
<b>At 31 December 2024</b>	<b><u>53,816,706</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>53,816,706</u></b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
Gross carrying amount as at 1 January 2023	3,779,913	-	-	3,779,913
New assets originated or purchased	23,007,843	-	-	23,007,843
<b>At 31 December 2023</b>	<b><u>26,787,756</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,787,756</u></b>

## Notes to the financial statements

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2024	11,975	-	-	11,975
Impairment charge	108,992	-	-	108,992
<b>At 31 December 2024</b>	<b>120,967</b>	<b>-</b>	<b>-</b>	<b>120,967</b>

	Stage 1	Stage 2	Stage 3	Total
	N '000	N '000	N '000	N '000
ECL allowance as at 1 January 2023	48,246	-	-	48,246
Impairment (write-back)	(36,271)	-	-	(36,271)
<b>At 31 December 2023</b>	<b>11,975</b>	<b>-</b>	<b>-</b>	<b>11,975</b>

### 21 Other assets

	2024	2023
	₹'000	₹'000
<b>Financial assets:</b>		
Account receivable	4,500	100,000
<b>Non financial assets:</b>		
Sundry receivables	19,499	390,721
Prepayments	128,351	55,005
Withholding tax receivable	679,445	515,468
Stationery and stocks	12,583	13,688
	844,378	1,074,882
Allowance for impairment of other assets - (note 21.1)	(2,379)	(2,379)
<b>Balance as at 31 December</b>	<b>841,999</b>	<b>1,072,503</b>

Other assets are due within 3 months of the year end; hence, their carrying value approximate to their fair value.

## Notes to the financial statements

### 22 Property and Equipment

	Land and building N'000	Office furniture and equipment N'000	Computer equipment N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>					
At 1 January 2024	1,166,653	332,920	249,212	366,870	2,115,656
Additions	10,220	72,008	226,741	10,500	319,468
Disposal	-	(10,724)	(10,373)	-	(21,097)
<b>At 31 December 2024</b>	<b>1,176,873</b>	<b>394,204</b>	<b>465,580</b>	<b>377,370</b>	<b>2,414,027</b>
<b>Accumulated depreciation</b>					
At 1 January 2024	254,252	173,645	125,852	210,372	764,121
Charge for the year	26,006	23,495	72,997	68,473	190,971
Disposals	-	(10,440)	(9,794)	-	(20,234)
<b>At 31 December 2024</b>	<b>280,258</b>	<b>186,700</b>	<b>189,055</b>	<b>278,845</b>	<b>934,858</b>
<b>Cost</b>					
At 1 January 2023	1,121,630	287,300	182,515	352,165	1,943,610
Additions	50,352	51,193	69,115	18,000	188,660
Disposal	(5,329)	(5,573)	(2,417)	(3,295)	(16,615)
<b>At 31 December 2023</b>	<b>1,166,653</b>	<b>332,920</b>	<b>249,212</b>	<b>366,870</b>	<b>2,115,655</b>
<b>Accumulated depreciation</b>					
At 1 January 2023	228,947	161,402	99,540	129,611	619,500
Charge for the year	25,305	17,451	28,832	84,056	155,645
Disposals	-	(5,208)	(2,521)	(3,295)	(11,023)
<b>At 31 December 2023</b>	<b>254,252</b>	<b>173,645</b>	<b>125,852</b>	<b>210,372</b>	<b>764,122</b>
<b>NBV at 31 December 2024</b>	<b>896,615</b>	<b>207,504</b>	<b>276,525</b>	<b>98,525</b>	<b>1,479,168</b>
<b>NBV at 31 December 2023</b>	<b>912,401</b>	<b>159,275</b>	<b>123,361</b>	<b>156,498</b>	<b>1,351,533</b>

- (i) The Bank had no capital commitment as at 31 December 2024 (31 Dec 2023: Nil)
- (ii) There were no impairment losses on any class of property and equipment (31 Dec 2023: Nil).
- (iii) All items of property and equipment are non-current.
- (iv) There were no capitalised borrowed costs related to acquisition of property and equipment during the year (31 Dec 2023: Nil)
- (v) There were no liens or encumbrances on any of the property and equipment during the year (31 Dec 2023: Nil).

## Notes to the financial statements

### 23 Intangible assets - Computer Software

	2024	2023
	N'000	N'000
Cost		
At 1 January	212,143	194,160
Addition	224,956	17,984
<b>As at 31 December</b>	<b>437,099</b>	<b>212,143</b>
Accumulated Amortisation		
At 1 January	138,153	128,694
Amortisation charge	28,700	9,459
<b>As at 31 December</b>	<b>166,854</b>	<b>138,153</b>
<b>Carrying amount</b>	<b>270,246</b>	<b>73,990</b>

- (i) The Bank has no capital commitment as at 31 December 2024 (31 Dec 2023: Nil)  
(ii) There were no capitalised borrowing costs related to the internal development of software during the year (2023: Nil)  
(iii) All items of intangible assets are non-current.

### 24 Non-current assets-held for sale

	2024	2023
	N'000	N'000
As at 1 January	45,251	55,251
Disposal	-	(10,000)
<b>Balance as at 31 December</b>	<b>45,251</b>	<b>45,251</b>

In 2023, the Board of Directors decided to sell all their real estate developments in compliance with CBN regulations. During the year, the Board was committed to disposing the remainder of these assets, but the sale was not completed by year-end due to circumstances beyond the Bank's control. The Bank remains committed to disposing of the remaining assets within the next 12 months.

## Notes to the financial statements

### 25 Deposits from customers

	2024 ₦'000	2023 ₦'000
Demand Deposits	4,537,945	3,529,577
Savings Deposits	11,599,620	7,959,128
Term Deposits	37,763,192	28,560,902
<b>Balance as at 31 December</b>	<b>53,900,757</b>	<b>40,049,607</b>
Current	53,157,751	39,497,554
Non-current	743,006	552,053
<b>Balance as at 31 December</b>	<b>53,900,757</b>	<b>40,049,607</b>

### 26 Other liabilities

<b>Financial Liabilities</b>		
Accounts payable	507,205	462,821
<b>Non- Financial Liabilities</b>		
Other liabilities	48,065	11,681
WHT payable	104,719	62,427
Staff pension contribution	1,111	874
Rent received in advance	733	3,069
<b>Balance as at 31 December</b>	<b>661,834</b>	<b>540,870</b>

The Bank's liabilities in respect of the defined contribution scheme are charged against the profit or loss of the year in which they become payable. Payments are made to pension fund administration companies who are financially independent of the Bank.

Current	661,834	540,870
Non-current	-	-
<b>Balance as at 31 December</b>	<b>661,834</b>	<b>540,870</b>

#### Terms and Conditions of other liabilities

Accounts payable and other liabilities are made up of various expenses such as audit fee, rates, etc. which have been incurred during the year but remained unpaid as at the year end. The Bank normally settles such expenses within one to three months from the day of receipt of service to which it relates.

## Notes to the financial statements

### 27 Borrowings

	2024 ₦'000	2023 ₦'000
Opening Balance	3,998,567	-
Additions	3,500,000	4,400,000
Interest expense	861,806	268,093
Interest paid	(837,090)	(243,001)
Principal repaid	(2,454,728)	(426,525)
<b>Balance as at 31 December</b>	<b>5,068,555</b>	<b>3,998,567</b>
Development Bank of Nigeria (DBN) (see (i) below)	3,291,261	3,015,848
Nigerian Mortgage Refinance Company (NMRC) (see (ii) below)	946,230	982,719
Nigerian Consumer Credit Corporation (CREDICORP) see (iii) below	831,064	-
<b>Balance as at 31 December</b>	<b>5,068,555</b>	<b>3,998,567</b>
Current	2,469,710	1,961,192
Non-current	2,598,845	2,037,375
<b>Balance as at 31 December</b>	<b>5,068,555</b>	<b>3,998,567</b>

Borrowings are funding obtained from Development Financial Institutions. The Bank has not had any defaults of principal, interest or other breaches with respect to their borrowings during the year.

- i This represents on-lending facilities obtained from Development Bank of Nigeria, The facilities include N2.4 bn (tranche 1) obtained on 21 June 2023, priced at 17.5% (36 months), N700m (series 3) obtained on 18 March 2024, priced at 22.5% (36 months), N1bn (series 4) obtained on 6 May 2024, priced at 22.75% (36 months) and N800m (series 5) obtained on 13 September 2024, priced at 23.75% (24 months). The facilities are secured by FGN bonds (see note 20)
- ii This represents N1bn on-lending facilities obtained from Nigeria Mortgage Refinance Company on 28 September 2023. The facility is priced at 14.5% (60 months). The facility is secured by FGN Bonds (see note 20)
- iii. This represents N 500m (tranche 1) and N 500m (tranche 2) on-lending facilities obtained from Nigerian Consumer Credit Corporation (CREDICORP) in 20 September 2024 and 7 October 2024. The facility is priced at 18% each. The facility is secured by Treasury bills (see note 20) and Direct Debit Mandate.

### 28 Deposit for Shares

	2024 ₦'000	2023 ₦'000
Opening balance	4,000,000	-
Additions	-	4,000,000
<b>As at 31 December</b>	<b>4,000,000</b>	<b>4,000,000</b>
Current	-	-
Non-current	4,000,000	4,000,000
<b>Balance as at 31 December</b>	<b>4,000,000</b>	<b>4,000,000</b>

This relates to Deposit for Shares made by shareholders with an intent to convert to equity stake and no possibility of refund in cash.

### 29 Due to National Housing Fund

	2024 ₦'000	2023 ₦'000
Due to National Housing Fund (NHF)	263,001	289,624
<b>As at 31 December</b>	<b>263,001</b>	<b>289,624</b>
Current	25,530	26,623
Non-current	237,471	263,001
<b>Balance as at 31 December</b>	<b>263,001</b>	<b>289,624</b>

	2024 ₦'000	2023 ₦'000
<b>29a Movement of due to NHF</b>		
Opening	289,624	315,153
Additions	-	-
Repayment	(26,623)	(25,530)
<b>As at 31 December</b>	<b>263,001</b>	<b>289,624</b>

### 30 Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2023: 30%).

## Notes to the financial statements

	2024 N'000	2023 N'000
<b>30.1 Deferred tax assets are attributable to the following:</b>		
Accelerated tax depreciation	-	340,835
Allowances for loan losses	-	(18,694)
Other assets	-	(714)
Unutilised capitalised allowance	-	(372,471)
Financial assets	-	17,360
Tax loss carried forward	-	(317,997)
	-	(351,681)

The deferred tax asset of N351.6m has not been recognised in the financial statements, as, in the view of the directors, there is uncertainty as to the timing of inflows of future taxable profits against which the tax asset may be offset.

	2024 N'000	2023 N'000
<b>30.2 Deferred tax liabilities are attributable to the following:</b>		
Accelerated tax depreciation	400,892	-
Allowances for loan losses	(52,062)	-
Other assets	-	-
Unutilised capitalised allowance	(332,700)	-
Financial assets	18,947	-
Tax loss carried forward	-	-
	35,077	-

	At beginning of year N'000	Not recognised in profit or loss or equity N'000	Recognise d in equity N'000	Recognised in profit or loss N'000	At end of year N'000
<b>30.5 Movements in temporary differences during the year:</b>					
Accelerated depreciation	340,835	(340,835)	-	400,892	400,892
Allowances for loan losses	(18,694)	18,694	-	(52,062)	(52,062)
Other assets	(714)	714	-	-	-
Unutilised capitalised allowance	(372,471)	372,471	-	(332,700)	(332,700)
Financial assets	17,360	(17,360)	-	18,947	18,947
Tax loss carried forward	(317,997)	317,997	-	-	-
	(351,681)	351,681	-	35,077	35,077

## Notes to the financial statements

	2024	2023
	Unit'000	Unit'000
<b>31 Share capital</b>		
<b>31.1 Authorised</b>		
Ordinary shares of 50 kobo each	6,000,000	6,000,000
The authorised share capital is made up of twelve billion ordinary shares of 50 kobo each		
<b>31.2 Issued and fully paid share capital of 50 kobo each</b>		
Balance at the beginning of the period	5,076,923	5,076,923
Addition	-	-
Balance at the end of the period	5,076,923	5,076,923
Issued share capital (Unit '000)	10,153,846	10,153,846
<b>32 Share premium</b>		
	2024	2023
	₦'000	₦'000
Balance at the beginning of the period	1,576,504	5,117,137
Share premium reduction*	-	(3,540,633)
<b>Balance as at 31 December</b>	<b>1,576,504</b>	<b>1,576,504</b>
Share premium is the excess paid by shareholders over the nominal value for their shares.		
*Following receipt of all regulatory and shareholder approvals, the Bank utilised of a portion of the share premium account to offset accumulated losses. This financial restructuring allowed the Bank to complete its housekeeping and resume dividend payments.		
<b>33 Retained earnings/(Accumulated losses):</b>		
Balance at beginning of year	623,526	(3,540,633)
Profit for the year	1,068,193	871,284
Transfer to statutory reserve	(213,639)	(174,257)
Transfer from share premium	-	3,540,633
Transfer from/(to) regulatory risk reserve	55,837	(73,502)
Dividend paid	(406,154)	-
<b>Balance at end of year</b>	<b>1,127,763</b>	<b>623,526</b>
<b>34 Statutory reserve:</b>		
Undistributable earnings required to be kept in line with the central bank of Nigeria's Prudential guideline.		
	2024	2023
	₦'000	₦'000
At the beginning of the year	472,697	298,440
Transfer from profit or loss account	213,639	174,257
<b>Balance at end of year</b>	<b>686,335</b>	<b>472,697</b>
Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Banks and Other Financial Institutions Act of Nigeria, an appropriation of 20% of profit after tax is made if the statutory reserve is less than paid-up share capital and 10% if the statutory reserve is greater than the paid-up capital.		
<b>35 Additional cash flow information</b>		
<b>35.1 Cash and cash equivalents include the following for the purposes of the statement of cash flows</b>		
	2024	2023
	₦'000	₦'000
Cash and cash equivalents		
Cash on hand (note 15)	15,297	37,987
Balances with other banks	10,345,342	8,682,345
Fixed placement with banks	3,616,396	4,079,876
Bank Overdraft	(10,964,820)	(10,033)
<b>Balance at end of year</b>	<b>3,012,215</b>	<b>12,790,176</b>
The deposits with the Central Bank of Nigeria and FMBN (See Notes 16 and 17) are not available to finance the Bank's day-to-day operations and, therefore, are not part of cash and cash equivalents.		
The tenor for the fixed placements ranges between less than 90 days		
<b>35.2 Change in Operating assets</b>		
	2024	2023
	₦'000	₦'000
Net change in loans and advances to customers	2,477,185	(8,882,552)
Net change in other assets	191,844	(518,184)
Net change in cash reserve with CBN	(253,631)	(136,369)
Purchase financial assets at amortised costs	(96,358,306)	(26,051,399)
Purchase financial assets at fair value through profit or loss	(276,473)	-
Disposal financial assets- securities designated at amortised cost	76,577,226	2,720,568
Net change in interest receivable	(3,833,139)	105,234
<b>Balance at end of year</b>	<b>(21,475,295)</b>	<b>(32,762,702)</b>

## Notes to the financial statements

### 35.3 Change in operating liabilities

	2024	2023
	#'000	#'000
Net change in due to customers	13,875,866	12,446,946
Net change in due to National Housing Fund	(26,623)	(25,530)
Net change in other liabilities	120,963	126,202
Net change in interest payable	(730,228)	(162,199)
	<b>13,239,978</b>	<b>12,385,419</b>

### 35.4 Adjustment for non-cash items

Depreciation of property and equipment	190,971	155,645
Amortisation of intangible assets	28,700	9,459
Impairment (writeback) on cash balances with central bank	-	(109)
Impairment (writeback) on due to other banks	-	(29,102)
Impairment charge/(writeback) on loans to customers	(24,792)	(43,002)
Impairment charge/(writeback) on financial assets at amortised cost	108,992	(36,271)
Interest income calculated using effective interest rate	(11,954,183)	(7,203,071)
Interest expense calculated using effective interest rate	8,557,527	4,629,097
Bad debt written off	33,711	59,755
Fair value gain on equity instruments at FVPL	(56,642)	(53,416)
Dividend income	(41,500)	(27,739)
Gain on disposal of property and equipment	(623)	(2,284)
	<b>(3,157,839)</b>	<b>(2,541,038)</b>

### 35.5 Operational cashflows from interest\*

Interest expense	8,557,527	4,629,097
Movement in interest payable	(730,228)	(162,199)
<b>Interest paid</b>	<b>7,827,299</b>	<b>4,466,898</b>
Interest income	11,954,183	7,203,071
Movement in interest receivable	(3,833,139)	105,234
<b>Interest received</b>	<b>8,121,044</b>	<b>7,308,305</b>

\* Cash flows from operating interest is analysed into interest paid and received. This is also reflected for prior year.

### 35.6 Proceeds on disposal of property and equipment

	2024	2023
	#'000	#'000
Cost	21,097	16,614
Accumulated depreciation	(20,234)	(11,023)
Gain on disposal of property and equipment	623	2,284
<b>Sales Proceed</b>	<b>1,486</b>	<b>7,875</b>

### 35.7 Proceeds on disposal of non-current asset held for sale

	2024	2023
	#'000	#'000
Cost	-	10,000
Gain on disposal of non-current asset held for sale	-	-
<b>Sales Proceed</b>	<b>-</b>	<b>10,000</b>

	2024	2023
	#'000	#'000
<b>35.8 Dividend received</b>		
Dividend receivable	-	-
Dividend income	(41,500)	(27,739)
Dividend received	41,500	27,739
<b>Dividend receivable</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

### 36 Contingencies and commitments

#### 36.1 Guarantees and other commitments

The Bank has no guarantees and other commitments as at 31 December 2024 (2023:Nil).

#### 36.2 Capital commitments

At the year end, the Bank had no capital commitment.

#### 36.3 Claims and litigations

The Bank in the ordinary course of business is presently involved in one (1) claims and litigations relating to one (1) former employee. Maximum exposure for the Bank is ₦10,000,000. Management does not believe that these claims and litigations will be successful. Thus, no provision has been made. (2023:Nil).

### 37 Short term leases

#### **Bank as lessee**

The Bank entered into commercial leases for premises. These leases have an average life of one year but they are renewable annually. There are no restrictions placed upon the lessee by entering into these leases.

	2024	2023
	₦'000	₦'000
Due within 1 year	10,413	10,413
Due 2-5 years	-	-
Due greater than 5 years	-	-
	10,413	10,413

There is no separate amount for minimum lease payment, contingent rents and sublease payment. None of the lease was sub-leased during the year. There is no restriction imposed by the lease arrangement.

As at 31 December 2024, there are no future minimum lease payments under the non-cancellable operating

The Bank has received rental income in advance for properties and has been capitalised in other liabilities as

The total rent recognised as income during the year is ₦3.608 million (2023: ₦1.192 million).

The properties are occupied by the Bank for its business operations with insignificant space being rented to

## Notes to the financial statements

### 38 Insider related credit

An analysis of insider related credit granted to companies and individuals with whom the key management of the Bank are related or in which the key management have related interests are as stated below. Credit facilities were provided by the Bank to related parties on commercial terms. Loans and advances to related parties at the reporting date, which are all performing amounted to ₦313.59 million (December 2023: ₦1.23 billion).

Name of Borrower	Relationship to Bank	Amount outstanding	Amount outstanding	Interest paid	Interest paid	Facility type	Status	Nature of security
		2024	2023	2024	2023			
		₦'000	₦'000	₦'000	₦'000			
Atiat Limited	The Bank's Director (Obinna Ufudo) is a Director of the Company	-	698,672	8,936	66,213	Working capital	Performing	Cash Backed
Infant Jesus Academy	The Bank's former MD/CEO and major shareholder is a Director of the School	-	-	-	297	Mortgage loan	Performing	Legal mortgage
Artsplit Limited	The Bank's former Director (Nonso Okpala) is a Director of the Company	-	112,028	23,370	25,522	Mortgage loan	Performing	Cash Backed
VFD Group	The Bank's former Director (Nonso Okpala) is a Director of the Company	138,657	216,420	45,592	40,114	Mortgage loan	Performing	Cash Backed
Osnon Capital Limited	The Bank's former Director (Nonso Okpala) is a Director of the Company	170,386	158,049	37,828	32,712	Housing loan	Performing	Legal mortgage
Oculus Pharmacare Ltd	The Bank's former Chairman is a Director major shareholder of the Company	4,543	46,622	7,883	13,942	Housing loan	Performing	Legal mortgage
		<b>313,586</b>	<b>1,231,791</b>	<b>123,609</b>	<b>178,801</b>			

#### Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are fully secured for the year ended 31 December 2024 and 2023, all related party facilities were performing at year end and as such there were no amounts provided for.

## Notes to the financial statements

### 38.1 Related parties

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 subsidiaries, associates, joint ventures as well as key management personnel. The Bank's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Abbey Mortgage Bank Plc.

Identity of related parties	Nature of relationship	%
VFD Group Plc	Investor with significant influence	37.77

	Nature of relationship	2024 N'000	2023 N'000
<b>Cash</b>			
VFD Microfinance Bank	Subsidiary of VFD Group Plc	13,278	-
<b>Balance as at 31 December</b>		<b>13,278</b>	<b>-</b>

<b>Placements</b>			
Atiat Limited	Subsidiary of VFD Group Plc	575,000	900,000
Anchoria Asset Management Limited	Subsidiary of VFD Group Plc	6,738,252	3,152,339
VFD Group Plc	Investor with significant influence	271,267	215,729
VFD Microfinance Bank	Subsidiary of VFD Group Plc	400,000	-
<b>Balance as at 31 December</b>		<b>7,984,519</b>	<b>4,268,068</b>

<b>Loans and advances</b>			
Atiat Limited	Subsidiary of VFD Group Plc	-	698,672
Herel Limited	Subsidiary of VFD Group Plc	-	1,400,000
VFD Group Plc	Investor with significant influence	138,657	216,420
<b>Balance as at 31 December</b>		<b>138,657</b>	<b>2,315,092</b>

<b>Deposit from customers</b>			
Atiat Limited	Subsidiary of VFD Group Plc	2,064	1,460,797
Atiat Insurance Brokers Limited	Subsidiary of VFD Group Plc	285	3,473
Anchoria Asset Management Limited	Subsidiary of VFD Group Plc	1,498,800	2,518,000
Herel Limited	Subsidiary of VFD Group Plc	143,778	85
VFD Group Plc	Investor with significant influence	234	6
VFD Microfinance Bank	Subsidiary of VFD Group Plc	450,000	250,000
<b>Balance as at 31 December</b>		<b>2,095,162</b>	<b>4,232,361</b>

## Notes to the financial statements

		<b>2024</b>	<b>2023</b>
		<b>₦'000</b>	<b>₦'000</b>
<b>Interest expense</b>	Subsidiary of VFD Group Plc		
Atiat Limited	Subsidiary of VFD Group Plc	-	3,132
Anchoria Asset Management Limited	Subsidiary of VFD Group Plc	79,722	63,942
Herel Limited	Subsidiary of VFD Group Plc	2,195	-
VFD Microfinance Bank	Subsidiary of VFD Group Plc	90,437	6,066
<b>Balance as at 31 December</b>		<b>172,354</b>	<b>73,139</b>

<b>Interest income</b>			
Atiat Limited	Subsidiary of VFD Group Plc	20,240	295,578
Anchoria Asset Management Limited	Subsidiary of VFD Group Plc	337,400	716,580
VFD Group Plc	Investor with significant influence	50,979	93,670
VFD Microfinance Bank	Subsidiary of VFD Group Plc	443	-
Herel Limited	Subsidiary of VFD Group Plc	-	133,364
<b>Balance as at 31 December</b>		<b>409,062</b>	<b>1,239,192</b>

### Key management compensation for the year comprises:

	<b>2024</b>	<b>2023</b>
	<b>₦'000</b>	<b>₦'000</b>
Fees	32,666	32,124
Sitting allowance	20,160	12,700
Executive compensation	63,272	63,272
Defined contribution scheme	4,709	3,560
<b>Balance as at 31 December</b>	<b>120,807</b>	<b>111,656</b>

The Directors remuneration shown above includes:

Chairman	9,433	6,279
Highest paid director	35,000	35,000

The emoluments of other directors fell within the following ranges:

₦1,000,000 - ₦10,000,000	7	9
₦10,000,001 - ₦20,000,000	-	-
₦20,000,001 - ₦40,000,000	1	1

### 39 Events after reporting date

There are no subsequent event which could have had a material effect on the financial position and performance of the bank as at 31 December 2024 which had not been adequately provided for or disclosed

### 40 Dividend paid

Dividend of N406.2m was paid during the year (2023: Nil)

### 41 Compliance with banking regulations

The Bank was in compliance with all banking regulations in the course of the year and paid no fine. (2023: N1.4m).

## Notes to the financial statements

### 42 Regulatory Risk Reserve

The Regulatory Body, the Central Bank of Nigeria (CBN) stipulates that provisions for loans recognized in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

- (i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.
- (ii) Prudential Provisions is less than IFRS provisions; 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.

#### Regulatory risk reserve:

	2024 ₦'000	2023 ₦'000
At 1 January	820,049	746,546
Transfer (from)/to retained earnings	(55,837)	73,502
	<b>764,212</b>	<b>820,049</b>

The Regulatory Risk Reserve accounts for the difference between the allowance for impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected credit loss model used in calculating the impairment under IFRS.

### 43 Non-audit Services

During the year, the Bank's auditor, PricewaterHouseCoopers, was awarded the contract below;

Services	Description	Amount ₦'000
NDIC Agreed Upon procedures	PwC was requested to certify the total deposit liabilities standing in the books of the Bank as at 31 December 2024 in accordance with Section 23 (3) of the Nigeria Deposit Insurance Corporation Act, 2023 ("the Act").	2,000

In the Bank's opinion, the provision of this service to the Bank did not impair the independence and objectivity of the external auditor.

## **OTHER NATIONAL DISCLOSURES**

## Value Added Statement

	2024		2023	
	₦'000	%	₦'000	%
Gross income	12,433,915		7,815,752	
Interest expense	(8,557,527)		(4,629,097)	
	<b>3,876,388</b>		<b>3,186,655</b>	
Impairment charge	(84,200)		108,484	
Brought-in-materials and services-local	(1,388,551)		(1,413,526)	
<b>Value added</b>	<b>2,403,637</b>	<b>100</b>	<b>1,881,613</b>	<b>100</b>
Applied to pay:				
Employee as wages, salaries and pensions	955,015	40	774,625	41
Income tax	160,758	7	80,059	4
Retained in business:				
Depreciation and amortisation	219,671	9	155,645	9
Profit for the year	1,068,193	44	871,284	46
<b>Value added</b>	<b>2,403,637</b>	<b>100</b>	<b>1,881,613</b>	<b>100</b>

Value added represents the additional wealth which the company has been able to create by its own and employees efforts . This statement shows the allocation of that wealth among the employees, shareholders, government and that retained for the future creation of more wealth.

**This information is presented for the purpose of the requirements of the Companies and Allied Matters Act 2020.**

## Five year financial summary

### Statement of profit or loss and other comprehensive income

	2024 ₦'000	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000
Total Operating Income	3,876,388	3,186,655	3,038,118	1,999,200	980,067
Impairment charge for loans and other assets	(84,200)	108,484	143,971	180,120	(3,887,927)
Operating expenses	(2,563,237)	(2,343,796)	(2,354,821)	(1,518,258)	(1,390,012)
<b>Profit before taxation</b>	<b>1,228,951</b>	<b>951,343</b>	<b>827,268</b>	<b>661,062</b>	<b>(4,297,872)</b>
Income tax expense	(160,758)	(80,059)	(61,109)	(38,865)	(3,747)
<b>Profit for the year</b>	<b>1,068,193</b>	<b>871,284</b>	<b>766,159</b>	<b>622,197</b>	<b>(4,301,619)</b>
<b>Other comprehensive income</b>					
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:					
Reclassification of net loss to income statement	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>1,068,193</b>	<b>871,284</b>	<b>766,159</b>	<b>622,197</b>	<b>(4,301,619)</b>
Profit/(Loss) on earnings per share (Kobo) - Basic and	<b>11</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>(63)</b>

Profit/(Loss) on earnings per share (basic) are based on the profit/(loss) after tax and weighted number of ordinary shares in issue and paid up at the end of every accounting year.

## Five year financial summary

### Statement of financial position

	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Assets</b>					
Cash on hand	15,297	37,987	26,501	15,035	2,020
Cash balances with central bank	1,020,000	766,369	629,891	467,891	289,774
Due from banks	13,929,534	12,730,016	27,813,952	24,378,380	8,793,209
Loans and advances	12,070,585	14,138,284	5,159,962	6,161,141	4,788,092
Financial investments - securities at FVTPL	883,642	550,527	497,111	497,111	329,334
Financial Investments- securities at amortised cost	53,695,739	26,775,781	3,731,668	1,334,882	2,826,364
Other assets	841,999	1,072,504	554,320	309,683	117,742
Non-current assets held for sale	45,251	45,251	55,251	156,436	264,681
Property and equipment	1,479,168	1,351,533	1,324,111	1,127,868	1,092,515
Intangible assets	270,246	73,990	65,466	12,006	16,619
<b>Total Assets</b>	<b>84,251,461</b>	<b>57,542,242</b>	<b>39,858,232</b>	<b>34,460,435</b>	<b>18,520,351</b>
<b>Liabilities and equity</b>					
Due to financial institutions	10,964,820	10,033	3,738,255	5,577,842	-
Deposits from customers	53,900,757	40,049,606	27,627,752	21,276,904	14,629,440
Current income tax liability	125,681	83,843	63,988	49,327	21,606
Other liabilities	661,834	540,871	414,670	405,971	244,963
Borrowings	5,068,555	3,998,567	-	-	-
Deposit for shares	4,000,000	4,000,000	-	-	-
Due to National Housing Fund	263,001	289,624	315,153	218,135	269,300
Deferred Tax Liability	35,077	-	-	-	-
	<b>75,019,725</b>	<b>48,972,544</b>	<b>32,159,818</b>	<b>27,528,179</b>	<b>15,165,309</b>
<b>Equity</b>					
Share capital	5,076,923	5,076,923	5,076,923	5,076,923	3,230,769
Share premium	1,576,504	1,576,504	5,117,138	5,117,137	4,008,277
Retained earnings/(Accumulated losses)	1,127,763	623,525	(3,540,633)	(4,916,732)	(5,029,743)
Statutory reserve	686,335	472,697	298,440	298,440	298,440
Regulatory risk reserve	764,212	820,049	746,546	1,356,485	847,298
<b>Total equity</b>	<b>9,231,736</b>	<b>8,569,698</b>	<b>7,698,414</b>	<b>6,932,254</b>	<b>3,355,041</b>
<b>Total liabilities and equity</b>	<b>84,251,461</b>	<b>57,542,242</b>	<b>39,858,232</b>	<b>34,460,435</b>	<b>18,520,351</b>