NPF MICROFINANCE BANK PLC

RC. 220824

ANNUAL REPORT AND FINANCIAL STATEMENT
YEAR ENDED 31 DECEMBER, 2025

Contents

Corporate Information

Directors:	Mr. Damilola Samuel Adegbuyi CP(Rtd)	Chairman
	Mr. Habeeb Amuda Yusuf	Managing Director
	Mr. John Kwabe Tizhe	Executive Director Operation
	Mrs. Olamide Mojisola Akin - Balogun	Executive Director Finance and Adminstration
	Mr. Said Umar Fagge (AIG) (RTD)*	Non-Executive Director
	Mr. Oyeyemi Adesoye Oyediran (AIG) psc, fsi	Non-Executive Director
	Mrs. Lydia Ameh Enemona (ACP)	Non-Executive Director
	Mr. Idrisu Dabban Dauda (AIG) (RTD) psc, fdc, mnim	Non-Executive Director
	Mr. Mutalib Atanda Akinlade, MBA, FCA	Non-Executive (Independent) Director
	Mr. Aduojo Friday Abah Esq.	Non-Executive (Independent) Director
	Chief Felix Sunday Chukwurah Esq	Non-Executive Director

** Exited the Board on 8th December 2025*

Company Secretary: Mrs. Osaro J. Idemudia
Aliyu Atta House
1, Ikoyi Road, Obalende
Lagos

Registered Office: Aliyu Atta House
1, Ikoyi Road, Obalende
Lagos

Independent Auditor: Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria.

Major Bankers: United Bank for Africa Plc
57 Marina, Lagos Island,
Lagos, Nigeria.

Zenith Bank Plc
Plot 84, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.

Sterling Bank Plc
20 Marina Road,
Lagos Island,
Lagos.

First Bank of Nigeria Limited
Samuel Asabia House
35 Marina
Lagos, Nigeria.

Registrars: CardinalStone Registrars Limited
335/337, Herbert Macaulay Way
Yaba, Lagos

Tax Identification Number: 00122558-0001

DIRECTORS' REPORT

The Directors are pleased to present to members their report on the affairs of NPF Microfinance Bank Plc, together with the Bank's audited financial statements and the Auditor's report for the financial year ended 31 December 2025.

1) LEGAL FORM AND PRINCIPAL ACTIVITIES

The Bank was incorporated in Nigeria as a Private Limited Liability Company on 19 May 1993 under the provisions of the Companies and Allied Matters Act (CAMA) with RC No. 220824. It obtained a provisional license as a Community Bank from the Central Bank of Nigeria on 12 July 1993 with License No. FC 00200 and commenced operations on 20 August 1993. It obtained a final license from the Central Bank of Nigeria on 24 January 2002. It was registered as a Public Limited Company on 13 July 2006. The Bank was given an approval-in-principle to operate as a Microfinance Bank on 10 May 2007 and obtained the final license on 4 December 2007. The shares of the Bank were listed on the Nigerian Stock Exchange on 1 December 2010.

The principal activity of the Bank is the provision of banking and other permissible financial services to poor and low income households and micro enterprises with emphasis on members of the Nigerian Police Community. Such services include retail banking, loans and advances and other allied services.

The Bank currently has 49 branches nationwide from which it operates.

2) OPERATING RESULTS

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

In thousands of naira	31-Dec-2025	31-Dec-2024
Profit before Income tax expense	4 354 828	2 437 499
Income tax expense	(1 449 243)	(863 262)
Profit for the year	2 905 585	1 574 237
Total comprehensive income	2 905 816	1 574 237
Basic and diluted earnings per share (kobo)	48	26

3) DIVIDENDS

The Board of Directors recommended a cash dividend of 20 kobo per share (issue and paid up shares) for the year ended 31 December 2025 (31 December 2024: 15 kobo). This is subject to approval at the Annual General Meeting. Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

4) DIRECTORS

The Directors who served during the year under review are listed below:-

NAME	DESIGNATION	DATE OF APPOINTMENT
Mr Damilola Samuel Adegbuyi CP(Rtd)	Chairman	01 February 2024
Mr. Habeeb Amuda Yusuf	Managing Director	13 June 2024
Mr. Said Garba Fagge (ACP)	Non-Executive Director	26 January 2023
Mrs. Lydia Enemona Ameh (ACP)	Non-Executive Director	26 September 2023
Mr. Oyeyemi Adesoye Oyediran (AIG)(Rtd) psc, fsi	Non-Executive Director	26 September 2023
Mr. Idrisu Dabban Dauda (AIG) (Rtd)psc, fdc, mnim	Non-Executive Director	01 February 2024
Mr. Mutalib Atanda Akinlade, MBA, FCA	Non-Executive (Independent) Director	01 February 2024
Mr. Aduojo Friday Abah Esq.	Non-Executive (Independent) Director	01 February 2024
Chief Sunday Felix Chukwurah Esq.	Non-Executive Director	19 July 2024
Mr. John K. Tizhe	Executive Director, Operations	02 January 2020
Mrs Olamide Akin - Balogun FCA	Executive Director, Finance & Administration	01 February 2024

DIRECTORS' REPORT - continued

5) DIRECTORS' INTEREST IN SHARES

The interest of Directors who currently serve on the Board in the issued share capital of the Bank as recorded in the Register of members during the financial year under review and/or as notified by the Directors for the purposes of Sections 301 of the Companies and Allied Matters Act (CAMA), 2020, Section 47 of the Banks and Other Financial Institutions Act (BOFIA), 2020 and the listing requirements of the Nigerian Exchange Limited are as follows:

	31 December 2025		31 December 2024	
NAME OF DIRECTOR	**DIRECT**	**INDIRECT**	**DIRECT**	**INDIRECT**
	(units)	**(units)**	**(units)**	**(units)**
Mr Damilola Samuel Adegbuyi	-	-	-	-
Mr. Oyeyemi Adesoye Oyediran *	-	3 753 230 767	-	3 753 230 767
Mr. Idrisu Dabban Dauda	12 035	-	12 035	-
Chief Sunday Felix Chukwurah.	-	-	-	-
Mr. Mutalib Atanda Akinlade	-	-	-	-
Mr. Said U Fagge	-	-	-	-
Mr. Aduojo Friday Abah.	-	-	-	-
Mrs. Lydia Enemona Ameh**		936 149 939		936 149 939
Mr. Habeeb Amuda Yusuf	10 535 128	-	10 535 128	-
Mr. John Kwabe Tizhe	4 917 487	-	3 917 487	-
Mrs Olamide Akin -Balogun	-	-	-	-

*Mr. Oyeyemi Oyediran and Mr. Said Umar Fagge represents the interest of the Nigerian Police Cooperative Multipurpose Society Limited, which owns 3,753,230,767 (31 December 2024: 3,753,230,767 ordinary shares of 50k each in the issued share capital of the Bank for the year under review.

**Mrs. Lydia Enemona Ameh represents the interest of the Nigeria Police Welfare Insurance Society (NPWIS) which owns 936,149,939 (31 December 2024: 936,149,939) ordinary shares of 50k each in the issued share capital of the Bank for the year under review.

Save as disclosed above, none of the directors notified the Bank of any disclosable interest in the Bank’s share capital as at 31 December 2025. The Directors' interest in shares remained the same as at the date the 2025 audited financial statements was approved by the Board of Directors.

6) DIRECTORS' INTEREST IN CONTRACTS

None of the Directors notified the Bank for the purpose of Section 303 of the Companies and Allied Matters Act (CAMA), 2020 of any direct or indirect interest in any contract or proposed contract with the Bank in the year 2025.

7) CHANGES TO THE BOARD

There has been no changes on the Board since the last Annual General Meeting

DIRECTORS' REPORT - continued

8) SUBSTANTIAL INTEREST IN SHARES

According to the Register of Members as at 31 December 2025, the following shareholders of the Bank held more than 5% of the issued ordinary share capital of the Company:

	31 December 2025		31 December 2024	
Shareholder	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
Nigeria Police Co-operative Society Limited	3,753,230,767	62.63	3 753 230 767	62.63
NPF Welfare Insurance Scheme	936 149 939	15.62	936 149 939	15.62

In line with the Nigeria Exchange Limited (NGX) rules on the requirement for all listed companies to maintain a minimum free float of 20%, the issued Share capital of the Bank in free float is 21.49% as at 31 December 2025 (31 December 2024: 21.51 %) .

9) ANALYSIS OF SHAREHOLDING

The shareholding structure of the Bank is as stated below:

As at 31 December 2024

Range			Holders	%	Units
From		To			
1		5 000	4 596	49.36	7 306 926
5 001		10 000	1 042	11.19	7 450 544
10 001		50 000	1 924	20.66	42 295 206
50 001		100 000	442	4.75	31 337 282
100 001		500 000	926	9.95	223 086 619
500 001		1 000 000	168	1.8	116 171 881
1 000 001		50 000 000	209	2.24	799 460 979
50 000 001		2 286 657 766	4	0.04	1 233 272 539
2 286 657 767		5 992 954 557	1	0.01	3 532 572 581
			9312	**100**	**5 992 954 557**

As at 31 December 2025

Range			Holders	%	Units
From		To			
1		5 000	5 566	51.89	8 541 153
5 001		10 000	1 208	11.26	8 844 194
10 001		50 000	2 164	20.17	48 871 095
50 001		100 000	501	4.67	36 004 926
100 001		500 000	899	8.38	209 816 056
500 001		1 000 000	184	1.72	129 489 424
1 000 001		50 000 000	200	1.86	779 736 256
50 000 001		2 286 657 766	4	0.04	1 239 078 872
2 286 657 767		5 992 954 557	1	0.01	3 532 572 581
			10 727	**100**	**5 992 954 557**

DIRECTORS' REPORT - continued

10) SHARE CAPITAL HISTORY

The following changes have taken place in the Bank's authorised and issued capital since incorporation.

	AUTHORISED		ISSUED & FULLY PAID		NOMINAL	
	FROM	TO	FROM	TO	VALUE	
DATE ISSUED	₦'000	₦'000	₦'000	₦'000	₦	REMARKS
1993	500	500	-	-	1.00	CASH & KIND
1996	500	30 000	-	17 976	1.00	CASH
1999	-	30 000	17 996	21 571	1.00	BONUS 1:4
2000	30 000	80 000	21 571	40 186	1.00	CASH
2001	-	80 000	40 186	58 624	1.00	CASH
2002	80 000	250 000	-	58 624	1.00	CASH
2003	-	250 000	-	58 624	1.00	CASH
2004	-	250 000	58 624	239 958	1.00	BONUS 1:10 & CASH
2005	250 000	500 000	239 958	239 958	1.00	-
2006	500 000	1 000 000	239 958	259 955	1.00	BONUS 1:12
2007	1 000 000	2 000 000	259 955	417 192	1.00	CASH
2008	-	2 000 000	-	417 192	1.00	-
2009	-	2 000 000	417 192	1 143 328	1.00	CASH
2010	-	2 000 000	1 143 328	-	0.50	SHARE-SPLIT 1:2
2011	-	2 000 000	1 143 328	-	0.50	SHARE-SPLIT 1:2
2012	-	2 000 000	1 143 328	-	0.50	-
2013	-	2 000 000	1 143 328	-	0.50	-
2014	2 000 000	3 000 000	1 143 328	-	0.50	-
2015	-	3 000 000	1 143 328	-	0.50	-
2016	-	3 000 000	1 143 328	-	0.50	-
2017	-	3 000 000	1 143 328	-	0.50	-
2018	-	3 000 000	1 143 328	-	0.50	-
2019	-	3 000 000	1 143 328	-	0.50	-
2020	-	3 000 000	1 143 328	-	0.50	-
2021	3 000 000	6, 000, 000	1 143 328	2 696 829	0.50	PUBLIC OFFER/RIGHTS ISSUES
2022 - Till Date	-	6, 000,000	2 696 829	2 996 447	0.50	BONUS 1:9

11) PROPERTY AND EQUIPMENT

Information relating to changes in the Bank's property and equipment is given in Note 21 of the financial statements.

12) DONATIONS

As part of our commitment to the development of our primary community and to identify with the aspirations of various sections of the society, the Bank made contributions to charitable and non-political organisations amounting to ₦295 000 (31 December 2024: ₦8,615,000) during the year. This comprises contributions to educational organisations amongst others as listed below:

Donations made during the year ended 31 December 2025 are as follows:

	₦
Police Children Schools (Awka, Asaba, Ibadan, Abeokuta,Obalende, Abuja, Ikeja, Enugu, etc)	215 000
Police Academy (Ikeja)	20 000
Police Secondary Schools (Ilorin, Igboora)	60 000
	295 000

DIRECTORS' REPORT - continued

13) FRAUD AND FORGERIES

Actual Loss to the Bank (₦)

Nature of Fraud	No. of Incidence		Fraud Amount (₦)		Actual Loss to the Bank (₦)	
	2025	2024	2025	2024	2025	2024
Perpetrated by staff	3	8	5 452 650	7 994 200	-	
ATM Electronic Fraud	-	-	-	-	-	-
Total	3	8	5 452 650	7 994 200	-	-

Perpetrated by staff
The sum of ₦ 5,452,650 has been recovered from the fraud perpetrated by staff. This represents 100% recovery of the total fraud amount.

14) EVENTS AFTER THE REPORTING PERIOD

There were no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2025 or the profit for the year then ended on that date, that have not been adequately provided for or disclosed in the financial statements.

15) HUMAN RESOURCES

EMPLOYMENT OF DISABLED PERSONS
The Bank recognizes that its employees are its most valuable assets and, accordingly, adopts a recruitment and retention strategy aimed at attracting, developing, and retaining qualified and competent personnel to support the achievement of its corporate objectives.

The Bank operates an equal opportunity employment policy and considers applications from persons with physical challenges strictly on the basis of merit and capability. Where an employee becomes physically challenged in the course of employment, the Bank endeavors, as far as practicable, to ensure the continuity of such employment and to provide appropriate training and support.

It is the policy of the Bank that the training, career development, and promotion of employees with disabilities shall, as far as possible, be consistent with those applicable to other employees. During the year under review, the Bank did not employ any persons with physical challenges

EMPLOYEE INVOLVEMENT AND TRAINING
The Bank ensures that employees are kept adequately informed on relevant matters through various engagement channels. Formal communication channels are utilized and supported by effective feedback mechanisms to promote transparency, engagement, and two-way communication across the organization

Recognizing human resource development as a value-adding investment, the Bank remains committed to the continuous development of its workforce through a combination of internal and external training programs. Training initiatives are designed to address the specific needs of individual employees and the operational requirements of the Bank. In addition, staff are encouraged and provided with financial support to pursue relevant professional certifications.

During the year under review, the Bank significantly expanded its use of virtual platforms for both internal and external training programs, enhancing accessibility and participation across the workforce.

DIRECTORS' REPORT - continued

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

NPF Microfinance Bank Plc is committed to safeguarding the health, safety, and well-being of its employees. Despite operating multiple business premises across the country, the Bank ensures that all locations are designed and maintained to provide safe, secure, and healthy working environments for both employees and customers.

Employees are adequately insured against occupational and other work-related hazards in line with applicable regulations and the Bank's internal policies. In addition, appropriate fire prevention and fire-fighting equipment are installed at strategic locations across the Bank's premises to enhance workplace safety and emergency preparedness.

The Bank also provides medical insurance coverage for employees and their immediate family members in accordance with the Bank's approved health insurance policy.

16) RESEARCH AND DEVELOPMENT

The Research and development unit of the Bank carries out research into new banking products and services to anticipate and meet customers' needs and ensure excellent service is delivered at all times.

17) DIVERSITY AND INCLUSION

NPF Microfinance Bank Plc recognizes that a diverse and inclusive workforce is essential to achieving its strategic objective of becoming a leading provider of microfinance services. Accordingly, the Bank is committed to fostering a work environment that reflects the diversity of its customer base and promotes equal opportunity.

The Bank operates a non-discriminatory recruitment and employment policy, ensuring that all employment decisions are based on merit, competence, and organizational requirements. The Bank also seeks to promote gender diversity and continues to take deliberate steps towards improving female representation in leadership positions.

The number and percentage of men and women employed in the Bank and the Board's composition during the year ended 31 December 2025 were as follows:

	Number			Percentage	
	Male	**Female**	**Total**	**Male**	**Female**
Employees (2025)	307	313	620	50%	50%
Employees (2024)	321	334	655	49%	51%
Top Management (2025)	20	14	34	59%	41%
Top Management (2024)	20	14	34	59%	41%
Board					
Executive Directors (2025)	2	1	3	67%	33%
Executive Directors (2024)	2	1	3	67%	33%
Non -Executive Directors (2025)	7	1	8	88%	13%
Non -Executive Directors (2024)	7	1	8	88%	12%

i) The analysis by grade of employees is as shown below:

	31 December 2025			31 December 2024		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Manager (M)	16	5	21	12	2	14
Senior Manager (SM)	7	5	12	5	8	13
Assistant General Manager (AGM)	7	4	11	10	4	14
Deputy General Manager (DGM)	3	-	3	2	-	2
General Manager (GM)	2	-	2	2	1	3
GRADE LEVEL	**35**	**14**	**49**	**31**	**15**	**46**

DIRECTORS' REPORT - continued

ii) Analysis of Directors by gender:

	31 December 2025			31 December 2024		
GRADE LEVEL	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Managing Director	1	-	1	1	-	1
Executive Directors	1	1	2	1	1	2
Directors	7	1	8	7	1	8
TOTAL	**9**	**2**	**11**	**9**	**2**	**11**

18 INDEPENDENT AUDITOR

Deloitte & Touche was first appointed at the Annual General Meeting held on 22 June 2023 and having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditor to the Bank. In accordance with Section 401(2) of the Companies and Allied Matters Act of Nigeria (CAMA) 2020, the auditor will be re-appointed at the next annual general meeting of the Bank without any resolution being passed.

BY ORDER OF THE BOARD

Mrs. Osaro J. Idemudia
Company Secretary/Legal Adviser
FRC/2013/NBA/00000002319

6 March 2026

Statement of Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in a manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 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.

Going Concern

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 year ahead.

The financial statements of the Bank for the year ended 31 December 2025 were approved by the directors on 6 March 2026.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Habeeb A. Yusuf
Managing Director/Chief Executive Officer
FRC/2025/PRO/DIR/003/163632

6 March 2026

CP Samuel Damilola Adegbuyi (Rtd)
Chairman
FRC/2025/PRO/DIR/003/238053

6 March 2026

Statement of Corporate Responsibility for the Financial Statements

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of NPF Microfinance Bank Plc for the year ended 31 December 2025 as follows:

a) That we have reviewed the audited financial statements of the Bank for the year ended 31 December 2025.

b) That 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, in the light of the circumstances under which such statement was made.

c) That 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 year ended 31 December 2025.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank, during the period end 31 December 2025.

e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of the audited financial statements, and certify that the Bank's internal controls are effective as of that date.

f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material

g) That we have disclosed the following information to the Bank's Auditors and Audit Committee:

i. there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and

ii. there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

iii. 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.

Mrs. Olamide M. Akin-Balogun
Chief Financial Officer
FRC/2015/ICAN/00000011044

6 March 2026

Mr. Habeeb A. Yusuf
Managing Director/Chief Executive Officer
FRC/2025/PRO/DIR/003/163632

6 March 2026

Certification of Management's assessment of Internal Control Over Financial Reporting for the year ended 31 December, 2025

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 NPF Microfinance Bank Plc for the year ended 31 December 2025:

i NPF Microfinance 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 preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

ii NPF Microfinance 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 NPF Microfinance Bank Plc's management has assessed that the entity's ICFR as at the end of 31 December 2025 is effective.

iv NPF Microfinance Bank Plc's external auditor, Messrs Deloitte and Touche that audited the financial statements included in the report has issued an attestation report on management's assessment of the entity's internal control over financial reporting. The attestation report of Messrs Deloitte and Touche that audited its financial statements will be filed as part of NPF Microfinance Bank Plc's annual report.

Signed on behalf of the Directors by:

Mrs. Olamide M. Akin-Balogun	**Mr. Habeeb A. Yusuf**
Chief Financial Officer	**Managing Director/Chief Executive Officer**
FRC/2015/ICAN/00000011044	FRC/2025/PRO/DIR/003/163632
6 March 2026	6 March 2026

Certification of Management's assessment of Internal Control Over Financial Reporting for the year ended 31 December, 2025

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 NPF Microfinance Bank Plc for the year ended 31 December 2025.

I, Olamide M. Akin-Balogun, certify that:

(a) I have reviewed this Management's assessment on internal control over financial reporting of NPF Microfinance 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 year covered in 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:

i are responsible for establishing and maintaining internal controls;

ii 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 is made known to us by others within those entities, particularly during the period in which this report is being prepared.

iii 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 preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

iv 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 audit committee of the entity's board of directors (or persons performing the equivalent functions):

i 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

ii 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(s) 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.

Mrs. Olamide M. Akin-Balogun
Chief Financial Officer
FRC/2015/ICAN/00000011044
6 March 2026

Certification of Management's assessment of Internal Control Over Financial Reporting for the year ended 31 December, 2025

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 NPF Microfinance Bank Plc for the year ended 31 December 2025.

I, Habeeb A. Yusuf, certify that:

(a) I have reviewed this Management's assessment on internal control over financial reporting of NPF Microfinance 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 in 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:

i are responsible for establishing and maintaining internal controls;

ii 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 is made known to us by others within those entities, particularly during the period in which this report is being prepared.

iii 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 preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

iv 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 year 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 audit committee of the entity's board of directors (or persons performing the equivalent functions):

i 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

ii 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(s) 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.

Mr. Habeeb A. Yusuf
Managing Director/Chief Executive Officer
FRC/2025/PRO/DIR/003/163632
6 March 2026

REPORT OF THE STATUTORY AUDIT COMMITTEE

In compliance with Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020, we the members of the Audit Committee of NPF Microfinance Bank Plc report on the financial statements for the year ended 31 December 2025 as follows:

- We have reviewed the scope and planning of the audit requirements and we found them adequate.
- We have reviewed the financial statements for the year ended 31 December 2025 and are satisfied with the explanations obtained in response to our queries.
- We reviewed the external auditor's Management Letter for the year ended 31 December 2025 and management responses thereto and are satisfied that management is taking appropriate steps to address the issues raised.
- We have reviewed all insider related credits as defined by Section 19(4) of the Banks and Other Financial Institutions Act, 2020 and confirm that the Bank disclosed all such credits and that they were reported in line with the Central Bank of Nigeria (CBN)'s guidelines. Specifically, we are satisfied that the Bank has complied with the provisions of the Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of ₦18,415,000 was outstanding as at 31 December 2025 (31 December 2024: ₦11,623,000) of which none was non-performing (see note 28(b)(ii)) to the financial statements).
- We ascertained that the accounting and reporting policies of the Bank for the year ended 31 December 2025 are in accordance with legal requirements and agreed ethical practices.
- The external auditor confirmed having received full cooperation from management in the course of their statutory audit.

Chief Timothy Adesiyan
Chairman, Audit Committee
FRC/2023/PRO/AUDITCOM/002/00000003745

6 March 2026

Other members of the Audit Committee:

- Alhaji Abdulquadri Sanni (FRC/2023/PRO/AUDITCOM/002/803866)
- Mrs. Esther Osijo
- Mr. Mutalib Atanda Akinlade (FRC/2014/ICAN/00000010306)
- Mr. Said Umar Fagge

Mrs. O.J. Idemudia (Company Secretary) acted as Secretary to the Committee

CORPORATE GOVERNANCE REPORT

INTRODUCTION

NPF Microfinance Bank Plc ("the Bank") is committed to the highest standards of corporate governance and proactively institutionalise sound corporate governance practices across its operations. For the Bank, Corporate Governance is not an end in itself but an essential enabler for value creation while propagating a value-led culture, high behavioural standards and robust procedures as fundamental tools in the entrenchment of a strong corporate governance framework. As a public company quoted on the floor of the Nigerian Exchange Ltd (NGX), we remain committed to our promises to safeguard and increase investors value through transparent corporate governance practices.

The Bank ensures compliance with relevant provisions of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Microfinance Banks, Nigerian Exchange Ltd (NGX) Regulations, The Securities and Exchange Commission (SEC) as well as the National Code of Corporate Governance for Public Companies.

GOVERNANCE STRUCTURES

THE BOARD

The Board is responsible for embedding high standards of corporate governance across the Bank. The Board recognises that effective corporate governance is a key imperative for achieving sustainable growth.

The Board plays a central role in conjunction with Management in ensuring that the Bank is financially strong. This synergy between the Board and management fosters interactive dialogue in setting broad policy guidelines in the running of the Bank to enhance optimal performance and ensure that associated risk are well managed.

The Board of Directors currently consists of Ten (10) members; comprising three (3) Executive Directors and Seven (7) Non-Executive Directors. Two (2) of the Non-Executive Directors are Independent Directors as defined under the various codes of corporate governance and the Companies and Allied Matters Act (CAMA) 2020.

THE ROLE OF THE BOARD

The primary role of the Board is to provide strategic direction for the Bank to deliver long term value to shareholders. The Board provides the Bank with leadership within a framework of prudent and effective controls which enables risk to be assessed and managed while deploying the Bank's resources to profitable use. The Board outlines the Bank's strategic and corporate aims, ensures that the necessary financial and human resources are in place for the Bank to meet its objectives and reviews management performance on a continous basis. The Board also sets the Bank's values and standards and ensures that its obligations to its shareholders and others are understood and met.

The Board also ensures that robust systems of internal controls are maintained and that management maintains an effective risk management and oversight process across the Bank so that growth is delivered in a controlled and sustainable way.

RESPONSIBILITIES

The Board is accountable to the Shareholders and continues to play a key role in governance. It is the responsibility of the Board of Directors to endorse the Bank's organisational strategy, develop directional policy, appoint, supervise and remunerate senior executives and ensure accountability of the Bank to its stakeholders and regulatory authorities. The Board is responsible for providing stable and effective leadership for the Bank, to facilitate achievement of its corporate operating objectives.

CORPORATE GOVERNANCE REPORT - continued

The roles of the Chairman and Chief Executive Director are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors both inside and outside the Boardroom.

The Board has delegated the responsibility for the day to day management of the Bank to the Managing Director/Chief Executive Officer, who is supported by the Executive Management. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board and the Executive Management is accountable to the Board for the development and implementation of strategies and policies.

REMUNERATION POLICY

The Bank’s remuneration policy sets out the criteria and mechanism for determining the levels of remuneration of the Directors of the Bank and also defines the process for determining Executive Directors compensations and rewards for corporate and individual performance. The policy is structured taking into account the environment in which it operates and the results it achieves at the end of each financial year. It includes:

Remuneration class	Description
Basic Salary/Allowances	Reflects the industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.
Performance Incentive	This is awarded based on the performance of the Bank and individual Directors.
Directors' fees	Annual Payments approved at the Annual General Meeting
Sitting allowances	Allowances paid for attending board and board committee meetings

The non-executive Directors' fees for the year under review was fixed at ₦ 50,000,000.00 by members at the last Annual General Meeting. This excludes sitting allowance and other allowances for meetings attended and engagements on behalf of the Bank.

CORPORATE GOVERNANCE REPORT - continued

BOARD MEETINGS
To ensure the Board's effectiveness throughout the year, an annual meeting and task calendar is developed at the beginning of each year. These calendars do not only focus on the activities of the Board but also establish benchmarks against which its performance can be evaluated at the end of the year.

The Board meets quarterly and additional meetings are convened as the need arises. In furtherance of its roles, the Board met seven (7) times in the year under review. Attendance at the Board meetings during the year were as follows:

No	Members	Designation	28-Jan	19-Mar	28-Apr	18-Jun	29-Jul	28-Oct	07-Dec
1	Mr. Damilola Samuel Adegbuyi	Chairman	P	P	P	P	P	P	P
2	Mr. Mutalib Atanda Akinlade	Non-Executive Director (Indep)	P	P	P	P	P	P	P
3	Mr. Idrisu Dauda Dabban	Non-Executive Director	P	P	P	P	P	P	P
4	Mr. Aduojo Friday Abah	Non-Executive Director (Indep)	P	P	P	P	P	P	P
5	Mr. Habeeb Yusuf	Managing Director	P	P	P	P	P	P	P
6	Mr. John K. Tizhe	Executive Director	P	P	P	P	P	P	P
7	Mr. Said Fagge	Non-Executive Director	P	P	P	P	P	P	P
8	Mr. Oyeyemi Oyediran	Non-Executive Director	P	P	P	P	P	P	P
9	Mrs. Lydia Enemona Ameh	Non-Executive Director	P	P	P	P	P	P	P
10	Mr. Sunday Felix Chukwurah	Non-Executive Director	P	P	P	P	P	P	P
11	Mrs. Olamide Akin-Balogun	Executive Director	P	P	P	P	P	P	P

P= Present
A=Absent
N/A= Ceased to be a member/Not a member

CORPORATE GOVERNANCE REPORT - continued

DIRECTORS' PERFORMANCE EVALUATION
The Governance, Nomination and Remuneration Committee oversees a formal evaluation process to assess the composition and performance of the Board, each Committee and individual director on an annual basis. The assessment is conducted to ensure the Board, Committees and individual members are effective and productive and to identify opportunities for improvement.

As part of the process, each member completes a detailed and thorough questionnaire and each member also participates in an oral interview/conversation session as a follow up to the completion of the questionnaire. The Governance, Nomination and Remuneration Committee reports annually to the full Board with result of the evaluation excercise. The recommendations of the performance evaluation are considered by the Board and are implemented as required.

In compliance with the requirement of the Central Bank of Nigeria (CBN) Code of Corporate Governance, the Board commissioned Institute of Directors (IOD) to carry out Board evaluation for the financial year ended 31 December 2025.

Their report has been forwarded to the Central Bank of Nigeria (CBN) and will be communicated to shareholders at the Annual General Meeting.

TENURE OF DIRECTORS
In pursuance of the Bank's drive to continually imbibe best Corporate Governance practices, the tenure of the Non-Executive Directors is limited to a maximum of three (3) terms of three (3) years each. This allows for the injection of fresh perspectives to the business of the Board.

INDUCTION AND CONTINUOUS TRAINING
The Bank has in place a formal induction program for newly appointed Directors. This induction which is arranged by the Company Secretary includes presentation by Senior Management staff to assist Directors in building a detailed understanding of the Bank's operations, its strategic plan, business environment and key issues faced by the Bank and to introduce directors to their fiduciary duties and responsibilities.

Training and Education of Directors on issues pertaining to their oversight function is a continuous process in order to update their knowledge and skills and keep them informed of new developments in the Bank's business and operating environment. These trainings are carried out through external, local and international courses. The trainings attended during the year under review are as follows:

Facilitating Institution	**Topics**
Institute of Directors	Company Direction Course I and II
Institute of Directors	Finance for Non-Finance Directors
DCSL Corporate Services Limited	The Board Chair: First Amongst Equals
FITC/NAMB	Strengthening Board Oversight Roles in Advance Credit Risk Management and Strategic Loan Restructuring.
National Association of Microfinance Banks (NAMB)	Cyber Security Governance and Risk Oversight in Microfinance
Institute of Directors	Independent Directors Masterclass
Victleo Investments Ltd	AML-CFT-CPF Compliance for Directors
Instutute of Directors	Building Board Agility in Business Disruptions
Texem	Digital Innovation: Stimulating a culture of Intrapreneurship in a Digital age
Society for Corporate Governance	International Directors Programme

All Directors attended at least three training courses in the year under review.

BOARD COMMITTEES

The Board committees in operation during the year under review were:

- Board Risk Management Committee
- Board Audit Committee
- Board Governance, Nomination and Remuneration Committee
- Board Credit Committee

CORPORATE GOVERNANCE REPORT - continued

Board Risk Management Committee
The responsibilities of this Committee are:-

- Review and recommend risk management policies including risk strategy to the full Board for approval;
- Review the adequacy and effectiveness of risk management and controls;
- Monitor the Bank's compliance level with applicable laws and regulatory requirements;
- Periodic review of changes in the economic and business environment, including trends and other factors relevant for the Bank's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services;
- Oversight of management's process for the identification of significant risks across the Bank and the adequate prevention, detection and reporting mechanism;
- Review and approve the framework for the management of credit risk, market risk, liquidity risk, operational risk, reputation risk and other risk types as appropriate;
- Consider and approve significant IT investment and expenditure to be made by the Bank;
- Oversee the development and maintenance of IT Strategic Plan.

The Board Risk Management Committee meets quarterly, and additional meetings are convened as required. The Committee met Four (4) times during the 2025 financial year. Membership of the Committee and attendance at its meetings during the year were as follows:-

No.	Members	Designation	21-Jan	23-Apr	23-Jul	22-Oct
1	Mr. Oyeyemi Oyediran	Chairman	P	P	P	P
2	Mr. John Tizhe	Member	P	P	P	P
3	Mr. Idrisu Dabban Dauda	Member	P	P	P	P
4	Mr. Chukwurah Felix Sunday	Member	P	P	P	P
5	Mr. Mutalib A. Akinlade	Member	P	P	P	P
6	Mr. Habeeb Amuda Yusuf	Member	P	P	A	P
7	Mrs Olamide Akin-Balogun*	Member	NA	P	P	P

* *She became a member of the committee following the reconstitution of committees by the Board on 28 January 2025.*

Board Audit Committee
The Audit Committee is responsible for maintaining oversight regarding the integrity of the Bank's financial statements, ensuring compliance with legal and other regulatory requirements, assessment of qualification and independence of the external auditor, and assessment of performance of the Bank's internal audit function as well as that of the external auditors. Its responsibilities also includes:

- Establish an internal audit function and ensure that there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal control in the Bank;
- Ensure the development of a comprehensive internal control framework for the Bank, obtain assurance and report the operating effectiveness of the Bank's internal control framework to the Board;
- Review and ensure that adequate whistle-blowing procedures are in place and that a summary of issues reported are highlighted to the Board;
- Preserve auditor independence, and set clear hiring policies for employees and /or former employees of independent auditors;
- Consider any related-party transactions that may arise within the Bank or any of its related companies;
- Invoke its authority to investigate any matter within its terms of reference for which purpose the Bank must make available the resources to the internal auditors with which to carry out this functions including access to external advice when necessary.

CORPORATE GOVERNANCE REPORT - continued

This Committee consists of only Non-Executive Directors and is required to meet quarterly in a year.
The Committee met Six (6) times during the 2025 financial year . Members of the Committee and attendance at its meetings during the year were as follows:-

No.	Members	Designation	22-Jan	17-Mar	24-Apr	27-May	24-Jul	23-Oct
1	Mr. Mutalib A. Akinlade	Chairman	P	P	P	P	P	P
2	Mr. Aduojo F. Abah Esq	Member	P	P	P	P	P	P
3	Mr. Said U. Fagge	Member	P	P	P	P	P	P
4	Mrs. Lydia E. Ameh	Member	P	P	P	P	P	P
5	Chief Sunday F. Chukwurah Esq	Member	P	P	P	P	P	P

Board Governance, Nomination and Remuneration Committee
The responsibilities of the Committeee are:

- Make recommendations on the appropriate compensation structure for the Managing Director and other senior Executives;
- Make recommendations to the Board on the Bank's policy framework of Executive remuneration and its cost;
- Periodically evaluate the skills, knowledge and experience required on the Board;
- Establish the criteria for Board and Board committee membership, review candidates qualifications and any potential conflict of interest, assess the contributions of current Directors in connection with their re-connection and make recommendation to the Board;
- Monitor the development, alignment, satisfaction and productivity of the Bank's employees with a view to competitive excellence;
- Develop and constantly review and make recommendation to the Board on policies and procedures to maintain high standard of management by the Bank;
- Monitor on a continuous basis and make recommendations to the Board concerning the corporate governance of the Bank;
- Approve compensation policy and review compensation for all officers of the Bank (including Executive and Non - Executive Directors); and
- Perform other oversight functions as may from time to time be expressly requested by the Board.

The Board Governance, Nomination and Remuneration Committee is required to meet as often as it deems necessary but not less than 2 times a year. The Committee met six (6) times in the 2025 financial year. Membership of the Committee and attendance at its meetings during the year were as follows:

No.	Members	Designation	27-Jan	14-Mar	28-May	22-Jul	21-Oct	20-Nov
1	Mr. Aduojo F. Abah Esq	Chairman	P	P	P	P	P	P
2	Mr. Idrisu D. Dauda	Member	P	P	P	P	P	P
3	Mr. Mutalib A. Akinlade	Member	P	P	P	P	P	P
4	Mrs. Lydia E. Ameh	Member	P	P	P	P	P	P
5	Mr. Oyeyemi A. Oyediran	Member	P	P	P	P	P	P
6	Mr. Said G. Fagge *	Member	P	N/A	N/A	N/A	N/A	N/A

* He ceased to be a member of the committee following the reconstitution of committees by the Board on 28 January 2025

Board Credit Committee
The responsibilities of the Committee are:

- To set and periodically review the Bank's credit policy direction as necessary.
- To consider and approve specific loans above the Management Credit Committee's authority limit as determined by the Board from time to time.
- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures.
- To mainatin credit risk within the Board's approved limit.
- Oversight responsibility of marketing reports/activities of the Bank as presented by management and providing updates on same to the Board.
- Maximise recovery rate through quality resolutions.
- Annually review the lending policies and present them to the Board for approval.
- Approve lending, investment decisions, credit products and new processes.
- Review and monitor the effectiveness and application of credit risk management policies, related standards and procedures and control environment with respect to credit decisions and review internal audit reports with respect thereto.
- Review and oversee the development of loan loss provision policy and annually assess the appropriateness and application of such policy in the light of the credit risk(s) embedded in the overall loan portfolio.

CORPORATE GOVERNANCE REPORT - continued

The Board Credit Committee meets quarterly and additional meetings are conveyed as required. The Committee met four (4) times during the year under review. Membership of the Committee and attendance at its meetings during the year were as follows:

No.	Members	Designation	20-Jan	22-Apr	21-Jul	20-Oct
1	Mr. Idrisu D. Dauda	Chairman	P	P	P	P
2	Mrs. Lydia E. Ameh	Member	P	P	P	P
3	Mr. Said G. Fagge*	Member	NA	P	P	P
4	Chief Sunday F. Chukwurah Esq	Member	P	P	P	P
5	Mr. Aduojo F. Abah Esq	Member	P	P	P	P
6	Mr. Oyeyemi A. Oyediran	Member	P	P	P	P
7	Mr. John K. Tizhe	Member	P	P	P	P

* He became a member of the committee following the reconstitution of committees by the Board on 28 January 2025.

Statutory Audit Committee
In compliance with Section 404(2) of the Companies and Allied Matters Act (CAMA), 2020, an audit committee comprising three (3) representatives of shareholders and two (2) Non-Executive Directors elected annually at the Annual General Meeting (AGM)] is in place.

The responsibilities of the Committee are as contained in Section 404(4) and (7) of the Companies and Allied Matters Act (CAMA), 2020. The Statutory Audit Committee meets at least once in each quarter. However, additional meetings are conveyed as required. The Committee met four (4) times in 2025 financial year. Membership of the Committee and attendance at its meetings during the year were as follows. Membership of the Committee and attendance at its meetings during the year were as follows.

No.	Members	Designation	23-Jan	18-Mar	25-Apr	28-Jul	27-Oct
1	Mr. Timothy Adesiyan	Chairman	P	P	P	P	P
2	Alhaji Abdulquadri Sanni	Member	P	P	P	P	P
3	Mrs. Esther Osijo	Member	P	P	P	P	P
4	Mr. Said G. Fagge	Member	P	P	P	A	P
6	Mr. Mutalib A. Akinlade	Member	P	P	P	P	P

MANAGEMENT COMMITTEES
The committees comprise senior management staff of the Bank. These committees provide inputs for the respective Board committees of the Bank and ensure that recommendations of the Board committees are effectively and efficiently implemented.

They meet as frequently as necessary to take action and decisions within the confines of their powers. The standing management committees are:-

- Assets and Liabilities Committee
- Enterprise Risk Management Committee
- Finance and Expenditure Committee
- Staff Committee
- IT Steering and Business Development Committee
- Credit/Investment & Capital Management Committee
- Information Security Steering Committee
- Sustainability Committee
- Business Continuity Management

Assets and Liabilities Committee
It is responsible for reviewing and monitoring the deployment of the Bank's assets for optimal returns while also ensuring a balance in the Bank's liabilities and that they are safe guarded. The Asset and Liability Committee is expected to meet weekly or as required to analyse and make recommendations on risks arising from day-to-day activities of the Bank. The Committee also establishes standards and policies covering the various components of the Bank's assets and liabilities. The Committee is composed of all senior management staff, the Chairman is the Managing Director. The convener of the meeting is the Head, Enterprise Risk Management.

CORPORATE GOVERNANCE REPORT - continued

Enterprise Risk Management Committee
The Committee is comprised of the senior management staff of the Bank. The Management team is responsible for the implementation of the Bank's risk management strategy. The Committee also monitor overall regulatory and economic capital adequacy. It recommends to the Board for its approval, clear policies on standards for presentation of credit proposals, financial covenants, rating standards and bench marks. The Committee is also saddled with the responsibility of reviewing asset quality results versus plan, portfolio management and the adequacy of the allowance for credit losses. The committee is expected to meet monthly, the members of the committee are all senior management staff and the Chairman is the Managing Director or any one assigned by him to oversee the meeting, the Head, Enterprise Risk Management is the meeting convener.

Finance and Expenditure Committee
The Finance and Expenditure Committee is responsible for recommending for approval to management the purchase of assets for new and existing branches, as well as the Head office. It is required to review the budget expenditure performance during the financial year. The committee is expected to meet once in a quarter.

Staff Committee
The Committee considers all staff disciplinary issues for recommendation/ implementation to the management team. It also considers issues pertaining to staff welfare and performance appraisal and makes recommendation to Management as deemed appropriate. The committee is expected to meet once in a quarter and whenever the need arises.

IT Steering and Business Development Committee
This Committee is responsible for development of corporate information technology (IT) strategies and projects that ensure cost effective application and management of resources throughout the organisation. The Committee also reviews for management's recommendation to the Board Risk Management committee, new and existing bank products and its features. The committee is expected to meet once in a quarter.

Credit/Investment & Capital Management Committee
The Committee is responsible for ensuring that the Bank complies fully with the Credit Policy guidelines as laid down by the Board of Directors. The Committee also reviews and approves credit facilities not exceeding an aggregate sum to be determined by the Board from time to time. The Committee is saddled with the responsibility of ensuring that adequate monitoring and recovery of credit is carried out. The is also responsible for advising management on investment and Capital Management. The committee is expected to meet monthly and whenever the need arises.

Information Security Steering Committee
The Information Security Steering Committee provides direction and ensures that the Bank's Cyber Security initiatives and activities aligns with her business objectives and IT strategies. It reviews existing Information Security policies, standards, processes and procedure to ensure that they meet regulatory requirements and current standards. The Committee also coordinates the design and implementation of the Information Security Program with the Chief Information Security Officer. It is responsible for documentation and reporting to various regulatory agencies to ensure compliance. The committee is expected to meet once in a quarter and membership is determined by regulatory standards.

Sustainability Committee
This is the committee saddled with responsibility to ensure that all the activities of the bank are carried out in line with the Sustainability Banking policies and procedures. The committee is to ensure that the annual Sustainability reports are publishes in line with regulatory standards. The committee is required to meet at least once in a quarter to coordinate and compile information for the report with other staff who are Sustainability Team members.

Business Continuity Management
The Business Continuity Management Committee is to ensure that the bank's business continues when there is crisis or disaster, it is to ensure that the recovery time objective of the bank is within the tolerable ratio for business not to be disrupted at any point in time. The committee is expected to meet once in a quarter and when the need arises.

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

CORPORATE GOVERNANCE REPORT - continued

Whistle blowing process is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedure and unethical activities by any stakeholder (staff, customers, suppliers and applicants) are reported for necessary actions.

It ensures a sound, clean and high degree of integrity and transparency in order to achieve efficiency and effectiveness in our operations.

The reputation of the Bank is of utmost importance and every staff of the Bank has a responsibility to protect the Bank from any person or act that might jeopardize its reputation. Staff are encouraged to speak up when faced with information that would help protect the Bank's reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistle blower's identity and rights. It should be noted that the ultimate aim of this policy is to ensure efficient service to the customer, good corporate image and business continuity in an atmosphere compliant to best industry practice.

The Bank has a Whistle Blowing channel via its website, dedicated telephone hotlines and e-mail address in compliance with Section 6.1.12 of the Central Bank of Nigeria (CBN) post-consolidation Code of Corporate Governance for Banks in Nigeria.

The Bank's Head of Internal Audit is responsible for monitoring and reporting on whistle blowing.

SECURITIES TRADING BY INTERESTED PARTIES
The Bank has in place a policy on trading in her Securities on terms no less exciting than the required standard set out in the Nigeria Exchange Listing Rules. The policy prevents employees, Directors and related individuals/companies from insider dealings on the shares of NPF Microfinance Bank Plc by related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of the Bank's Business.

All Directors of the Bank have complied with the listing rules of the Nigeria Exchange regarding securities transactions by Directors.

PROTECTION OF SHAREHOLDERS' RIGHTS
The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly voting rights at General Meetings of the Bank. All are treated equally, regardless of volume of shareholding or social status.

SHAREHOLDERS' MEETING
Shareholders' meetings are duly convened and held in line with existing statutory and regulatory regime. The Bank's General Meetings are conducted in a transparent and fair manner. Shareholders have the opportunity to express their opinions on the Bank's financial results and other issues affecting the Bank. The Annual General Meetings are attended by representatives of regulators such as the Nigerian Exchange as well as representatives of Shareholders' Associations.

COMPLAINT MANAGEMENT
In compliance with the Securities and Exchange Commission (SEC) rules of 2015, the Bank has in place a complaint management policy. The policy sets out the manner in which shareholders make enquiries or register their complaints and how the Bank responds/address shareholder's complaints, issues and other matters that affects their shareholding.

COMPLAINT CHANNELS
To ensure an effective feedback process, the following channels have been provided for customers to enable them contact the Bank:

Email: info@npfmicrofinancebankplc.ng
8074550514

BY ORDER OF THE BOARD

Mrs. Osaro J. Idemudia
Company Secretary/Legal Adviser
FRC/2013/NBA/00000002319
6 March 2026

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NPF Microfinance Bank Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NPF Microfinance Bank Plc** set out on pages 32 to 94, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of **NPF Microfinance Bank Plc** as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023, Central Bank of Nigeria Regulatory and Supervisory Framework for Microfinance Banks in Nigeria and relevant Central Bank of Nigeria circulars.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters which, in our professional judgment, 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, therefore, we do not provide a separate opinion on these matters.

The following key audit matter applies to the audit of these financial statements.

Deloitte.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of loans and advances	
The assessment of impairment of loans and advances to customers involves significant judgment. The Bank adopts a forward-looking Expected Credit Loss (ECL) model for the assessment of impairment on loans and advances. The ECL is calculated based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Expected Interest Rate (EIR). The mechanics of the ECL calculations involves establishing the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The impairment provision computation is further analyzed into the following stages:	**Procedures** Our audit procedures to assess the adequacy of the loan loss impairment in line with IFRS 9 included a review of the Bank's business Model to test the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the IFRS 9 impairment models.
Stage 1: The Bank calculates the twelve months ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. These expected twelve-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 loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the long term ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, 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 loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. **Why is this a Key Audit Matter** Since loan impairment assessment involves judgment and assumptions, and in view of the significance of the amount as at 31 December 2025, gross loans and advances to customers amounted to N40.5 billion, representing 60% of total assets, and impairment allowance for loans and advances to customers amounted to N1.70 billion), impairment of loans and advances is considered a key audit matter. Relevant disclosures are included in notes 18 to the financial statements.	• We evaluated and tested the effectiveness of design and implementation of key controls related to the credit approval process, post approval credit management, loan grading system, collateral monitoring and loan impairment assessment, including testing of relevant data quality and • We ascertained that impairment allowances made during the year are in line with general impairment requirement of International Financial Reporting Standard (IFRS) 9. • We obtained the entity's credit policy document and reviewed the basis, assumptions and estimates used to computing the default loss rate. • We ascertained that the entity's outstanding loan balance categorization agrees with the entity's loan loss policy. (e.g. default days, default loss rate and the movement between stages 2 and 3 general impairment matrix) • Using the default loss rate, we recomputed the expected credit loss and compared with the entity's computation and obtain explanation for variances noted. The Bank's accounting policy on impairment and related disclosures on credit risk are shown in note 4(h) (vii). We found that the judgement and estimates, accounting policy on impairment allowance for loans and advances, disclosure on judgment and estimate and used by bank are comparable with the market, best practices and relevant accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "NPF Microfinance Bank Plc Annual Reports and Accounts 31 December 2025", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Certification of the Financial statements, the Board Audit Committee's Report, the Statement of Corporate Responsibility for Financial Statements, Certification of Management's assessment on Internal Control Over Financial Reporting and Other National Disclosures required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Deloitte.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Direcotrs for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act 2023 , the Companies and Allied Matters Act, 2020, the respective provisions of the Banks and Other Financial Institutions Act, 2020, Central Bank of Nigeria Regulatory and Supervisory framework for Microfinance Banks in Nigeria, relevant Central Bank of Nigeria circulars and for such internal controls as Management determines 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, Management is 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 Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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 the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

iv Details of insider-related credits and other balances are disclosed in note 28 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/I/2004.

Contraventions

The Bank did not contravene any provisions of the Securities and Exchange Commission rules or Corporate Affairs Commission (CAC) guidelines during the year ended 31 December 2025. Accordingly, no penalties were incurred or paid in respect of such matters during the year.

In accordance with the requirements of the Financial Reporting Council of Nigeria, we also performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of 31 December 2025. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and based on the procedures we have performed and evidence obtained, we have issued an Unmodified conclusion in our report dated 12 March 2026. That report is included on pages 30 to 31 of the financial statements.

Restriction on Distribution

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

Joshua Ojo, FCA FRC/2013/PRO/ICAN/01/00000000849
For: Deloitte and Touche
Chartered Accountants
Lagos, Nigeria
12 March 2026

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NPF Microfinance Bank Plc
Assurance Report on Management's Assessment of Controls over Financial Reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of NPF Microfinance Bank Plc ("the Bank) as of 31 December, 2025, in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007 and FRC Guidance on Management report on Internal Control over Financial Reporting. NPF Microfinance Bank Plc's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Bank and our report dated 12 March 2026 expressed an unmodified opinion.

Limited Assurance Conclusion

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

Definition of internal control over financial reporting

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

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

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

Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the Bank's system of internal control over financial reporting for the year ended 31 December 2025. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Directors' and Management's Responsibilities

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

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

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control

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

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

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

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

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

Deloitte & Touche (FRC/2022/COY/091021)

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

Lagos

Date: 12 March 2026

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2025

In thousands of naira	Note	31-Dec-2025	31-Dec-2024
ASSETS			
Cash and cash equivalents	16	19 825 067	33 837 861
Investment securities	19	3 454 043	3 884 703
Loans and advances to customers	18	38 852 652	25 528 160
Pledged assets	17	2 040 500	2 735 460
Other assets	20	1 244 561	870 559
Property and equipment	21	1 955 112	1 769 867
Intangible asset	22	228 806	1 003
Deferred tax asset	15(c)	132 437	-
TOTAL ASSETS		**67 733 178**	**68 627 613**
LIABILITIES			
Deposits from customers	23	42 875 804	42 059 255
Current tax liabilities	15(b)	1 657 670	858 343
Other liabilities	25	6 268 069	13 225 612
Borrowings	24	3 079 480	572 483
Deferred tax liabilities	15(c)	-	66 638
TOTAL LIABILITIES		53 881 023	56 782 331
CAPITAL AND RESERVES			
Share capital	26	2 996 477	2 996 477
Share premium	27(a)	4 166 786	4 166 786
Retained earnings	27(b)	3 593 081	2 312 835
Fair value reserve	27(c)	(12 916)	(13 147)
Statutory reserve	27(d)	3 108 727	2 382 331
Regulatory risk reserve	27(e)	-	-
TOTAL EQUITY		13 852 155	11 845 282
TOTAL LIABILITIES AND EQUITY		67 733 178	68 627 613

CP Samuel Damilola Adegbuyi (Rtd)
Chairman
FRC/2025/PRO/DIR/003/238053

Mr. Habeeb A. Yusuf
Managing Director/Chief Executive Officer
FRC/2025/PRO/DIR/003/163632

Mrs. Olamide M. Akin-Balogun
Chief Financial Officer
FRC/2015/ICAN/00000011044

The accompanying notes are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2025

In thousands of naira	Note	31-Dec-2025	31-Dec-2024
Gross earnings		19 366 146	12 948 239
Interest income	8	17 539 326	11 474 071
Interest expense	9	(1 643 691)	(1 100 661)
Net interest income		15 895 635	10 373 410
Fees and commission income	10	1 820 926	1 464 913
Revenue		17 716 561	11 838 323
Other income	11	5 894	9 255
Net impairment loss on financial instruments	12	(541 482)	(63 298)
Personnel expenses	13	(6 721 863)	(4 566 582)
Other operating expenses	14	(5 434 311)	(4 312 490)
Depreciation of property and equipment	21	(616 231)	(466 665)
Amortisation of intangible assets	22	(53 740)	(1 044)
Profit before tax		4 354 828	2 437 499
Income tax expense	15(a)	(1 449 243)	(863 262)
Profit for the period		**2 905 585**	**1 574 237**
Other comprehensive loss			
Items that will not be reclassified to profit or loss (net of tax)			
Equity investment at fair value through OCI	19(a)	330	-
Income tax effect relating to items that will not be reclassified to profit or loss		(99)	
Other comprehensive loss for the year		**231**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2 905 816**	**1 574 237**
Basic and diluted earnings per share (kobo)	32	**48**	**26**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2025

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Risk Reserve	Total
Balance at 1 January 2025	2 996 477	4 166 786	2 312 835	(13 147)	2 382 331	-	11 845 282
Total comprehensive income							
Profit for the year	-	-	2 905 585	-	-	-	2 905 585
Other comprehensive income (net of tax)							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	231	-	-	231
Loss on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	231	-	-	231
Total comprehensive income	-	-	2 905 585	231	-	-	2 905 816
Transfer to statutory reserve (see note 27(d))	-	-	(726 396)	-	726 396	-	-
Transfer from regulatory risk reserve (see note 6(c)(ii))	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid (see note 33)	-	-	(898 943)	-	-	-	(898 943)
Increase in share capital	-	-	-	-	-	-	-
Total contributions and distributions	-	-	(898 943)	-	-	-	(898 943)
Balance at 31st December 2025	**2 996 477**	**4 166 786**	**3 593 081**	**(12 916)**	**3 108 727**	**-**	**13 852 155**

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Risk Reserve	Total
Balance at 1 January 2024	2 996 477	4 166 786	1 851 312	(13 147)	1 988 772	-	10 990 200
Total comprehensive income							
Profit for the period	-	-	1 574 237	-	-	-	1 574 237
Audit adjustments	-	-	-	-	-	-	-
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-
Loss on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	1 574 237	-	-	-	1 574 237
Transfer to statutory reserve (see note 27(d))	-	-	(393 559)	-	393 559	-	-
Transfer to regulatory risk reserve (see note 6(c)(ii))	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid (see note 33)	-	-	(719 155)	-	-	-	(719 155)
Increase in share capital	-	-	-	-	-	-	-
Total contributions and distributions	-	-	(719 155)	-	-	-	(719 155)
Balance at 31ST December 2024	**2 996 477**	**4 166 786**	**2 312 835**	**(13 147)**	**2 382 331**	**-**	**11 845 282**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31ST DECEMBER 2025

In thousands of naira	Note	31-Dec-2025	31-Dec-2024
Cash flows from operating activities			
Profit before tax		4 354 828	2 437 499
Adjustments for:			
Depreciation of property and equipment	21	616 231	466 665
Amortization of intangible assets	22	53 740	1 044
Net impairment loss on loans and advances to customers	12	537 438	(54 089)
Net impairment loss on cash and cash equivalents	12	(26 532)	13 404
Net impairment loss on pledged assets	12	-	87 593
Net impairment loss on other assets	12	43 411	-
Net impairment (gain)/ loss on investment securities	12	(12 835)	16 390
Interest income	8	(17 539 326)	(11 474 071)
Interest on lease liability	25(d)(i)	(32 392)	(20 144)
Interest expense	9	1 643 691	1 100 661
Profit on sale of property and equipment	11	(5 228)	(9 010)
Loss on disposal of treasury bills	11	-	-
Dividends income	11	(666)	(245)
Gain on derecognition of lease liability	11	-	-
		(10 367 640)	(7 434 303)
Changes in:			
- pledged assets	34(b)	694 960	(933 711)
- loans and advances to customers	34(c)	(13 861 931)	(3 921 727)
- other assets	34(d)	(460 824)	127 625
- deposits from customers	34(e)	816 549	15 119 604
- other liabilities	34(f)	(6 906 283)	9 058 834
		(30 085 169)	12 016 322
Interest received	34(h)	16 878 238	11 153 601
Interest paid*	34(i)	(1 456 381)	(1 737 857)
Tax paid	15(b)	(849 090)	(667 214)
VAT paid		(51 260)	(17 489)
Net cash generated/ (used in) from operating activities		**(15 563 662)**	**20 747 363**
Cash flows from investing activities			
Acquisition of property and equipment	34(a)(ii)	(706 689)	(668 963)
Acquisition of intangible assets	22	(281 544)	-
Dividends received	11	666	245
Proceeds from disposal of property and equipment	34(a)(i)	20 317	9 010
Purchase of Treasury Bill investments	34(g)	(11 500 000)	(7 226 057)
Purchase of Listed instrument at FVOCI	34(g)	(49 763)	-
Redemption of Treasury Bill investments	34(g)	12 654 675	6 034 899
Net cash flows used in investing activities		**137 662**	**(1 850 866)**
Cash flows from financing activities			
Repayment of principal on borrowings	24(b)	(579 500)	(1 500 000)
Repayment of interest on borrowings	24(b)	(34 865)	(252 496)
Payment of principal on lease liability	25(d)(i)	(100 018)	(61 367)
Additions to borrowings	24(b)	3 000 000	-
Dividend paid	33	(898 943)	(719 155)
Net cash (used in)/ generated from financing activities		**1 386 674**	**(2 533 018)**
Net increase in cash and cash equivalents		**(14 039 326)**	**16 363 479**
Cash and cash equivalents as at 1 January		33 914 742	17 551 263
Cash and cash equivalents as at 31st December	16	**19 875 416**	**33 914 742**

Note on interest paid

The total interest paid during the year is disclosed below in accordance with the requirements of IAS 7:32 'Statement of Cash Flows:

Reconciliation of Total Interest Paid

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Interest paid (Operating activities)	(1 456 381)	(1 737 857)
Interest paid on borrowings (Financing activities)	(34 865)	(252 496)
Total interest paid	**(1 491 246)**	**(1 990 353)**

** Represents the total cash outflow for interest during the year. See the reconciliation table above for the total interest paid of N1,491,246,000 (2024: N1,990,353,000).*

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

NPF Microfinance Bank Plc. ("the Bank") is a public limited liability company domiciled in Nigeria. The Bank's registered office is at Aliyu Atta House, 1 Ikoyi Road, Obalende, Lagos.

The Bank is engaged in the provision of banking services to members of the Police community, to poor and low income households and micro-enterprises of the public at large. Such services include retail banking, granting of loans, advances and allied services.

The Bank currently operates from its registered office and has forty-nine (49) branches located at Obalende, Ikeja, Garki-Abuja, Wuse-Abuja, Port-Harcourt, Kano, Osogbo, Benin, Akure, Onitsha, Sokoto, Lokoja, Lafia, Bauchi, Yola, Enugu, Kaduna, Oji River, Ibadan, Abeokuta, Ikorodu, Tejuosho, Asaba, Calabar, Aba, Aswani, Awka, Port Harcourt 2, Jos, Ilorin, Minna, Uyo, Owerri, Ekiti, Makurdi, Maiduguri, Gwagwalada, Egbeda, Ajah, Gombe, Umuahia, Yenagoa, Abakaliki, Birnin-Kebbi, Katsina, Jalingo, Dutse, Gusau, Damaturu.

2 Application of new and revised IFRS Accounting Standards

2.1 *New and amended standards and interpretations that are effective for the current year*

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates effective January 1, 2025

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchangeable;
- The spot exchange rate used;
- The estimation process; and
- Risks to the company because the currency is not exchangeable.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. They are listed below

1. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures effective January 1, 2026
2. Annual Improvements to IFRS Accounting Standards – Amendments to:

   - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
   - IFRS 10 Consolidated Financial Statements
   - IAS 7 Statement of Cash flows. effective January 1, 2026; and
   - IFRS 1 First time adoption of international financial reporting standards.
   - IFRS 9 Financial Instruments.

3. IFRS 18 Presentation and Disclosure in Financial Statements. effective January 1, 2027
4. IFRS 19 Subsidiaries without Public Accountability: Disclosures. effective January 1, 2027
5. Annual Improvements to IFRS Accounting Standards – Volume 11

NOTES TO THE FINANCIAL STATEMENTS - continued

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Bank in future periods, except if indicated below.

Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system. The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns. The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions. The directors of the bank are still assessing the impact to the financial statements in future periods.

Other annual Improvements to IFRS Accounting Standards – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Other amendments include derecognising lease liabilities If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project.

The directors of the bank are still assessing the impact to the financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS - continued

IFRS 18 Presentation and Disclosure in Financial Statements effective January 1, 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements. and IFRS 18 defines management performance measures (MPMs); these measures are currently commonly known as non-GAAP measures, alternative performance measures (APMs) or key performance indicators (KPIs). IFRS 18 affects all companies, bringing significant changes to how you present your income statement and what information you need to disclose, and making certain 'non-GAAP' measures part of your audited financial statements for the first time. You will see three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. IFRS 18 reshapes how financial results are presented, introducing new mandated subtotals like operating profit, stricter classification of income and expenses, and audited disclosure of management-defined performance measures. It requires more detailed note disclosures and alignment across the profit or loss and cash flow statements. Although it does not change net profit, it must be applied retrospectively, meaning comparatives must be restated and internal reporting systems, chart of accounts, and controls must be updated to support the new structure to provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

The directors of the bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures effective January 1, 2027

The IASB intends to update IFRS 19 on an ongoing basis as new or amended disclosure requirements in IFRS Accounting Standards are issued.Because of the timing of IFRS 19's publication, disclosure requirements in new or amended IFRS Accounting Standards issued between 28 February 2021 and May 2024 were included in IFRS 19 without reductions. The IASB issued a 'catch-up' exposure draft in July 2024 to consult on reducing the disclosure requirements for the relevant standards issued in this period, most notably IFRS 18 Presentation and Disclosure in Financial Statements.

The directors of the bank believe that the newly issued standard may not have impact on the financial statements.

IFRS 10 Consolidated Financial Statements—Determination of a 'de facto agent'

The amendments address concerns that the requirements in IFRS 10:B73-B74 might, in some situations, be contradictory.IFRS 10:B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of IFRS 10:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The amendments update IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The directors of the bank believe that the newly issued standard may not have impact on the financial statements.

IAS 7 Statement of Cash Flows—Cost method

The amendment replaces the term 'cost method' with 'at cost' in IAS 7:37 in line with the removal of the definition of 'cost method' from the IFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. An entity is required to apply the amendments to IFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

The directors of the bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS - continued

Annual Improvements to IFRS Accounting Standards—Volume 11
The IASB issued amendments to five IFRS Accounting Standards as part of its annual improvements process. IFRS 1 First-time Adoption of International Financial Reporting Standards—Hedge accounting by a firsttime adopter For consistency with the requirements in IFRS 9, IFRS 1:B5-B6 were amended to refer to the 'qualifying criteria' for hedge accounting (instead of the 'conditions') and to add cross-references to IFRS 9:6.4.1 to improve the understandability of IFRS 1.

IFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition
The amendments remove an obsolete cross-reference in IFRS 7:B38 to a paragraph that had been deleted when IFRS 13 was issued and align the wording of this paragraph with the terms used in IFRS 13.

Guidance on implementing IFRS 7—Disclosure of deferred difference between fair value and transaction price
The amendments update IFRS 7:IG14 to make the wording of that paragraph consistent with IFRS 7:28 and improve the internal consistency of the wording in the example in IFRS 7:IG14.

Guidance on implementing IFRS 7+C32—Introduction and credit risk disclosures
The amendments add a statement to IFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in IFRS 7:IG20B.

IFRS 9 Financial Instruments—Derecognition of lease liabilities
The amendments add a cross-reference to IFRS 9:3.3.3 in IFRS 9.2.1(b)(ii) to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9:3.3.3 and therefore recognise any resulting gain or loss in profit or loss.

IFRS 9 Financial Instruments—Transaction price
The amendments replace 'their transaction price (as defined in IFRS 15)' in IFRS 9.5.1.3 with 'the amount determined by applying IFRS 15' to address inconsistency between IFRS 9.5.1.3 and the requirements of IFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognised as revenue. Additionally, the reference to 'transaction price' (as defined in IFRS 15) is deleted from Appendix A of IFRS 9.

The directors of the bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

3 Basis of accounting

(a) Statement of compliance
The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) guidelines and circulars. The IFRS accounting policies have been consistently applied to all years presented.

The financial statements were approved by the directors on 11 March 2026.

(b) Basis of preparation and measurement
These financial statements have been prepared on a going concern basis, which assumes that the bank will continue its operations in the foreseeable future. These financial statements have been prepared on the going concern basis, except for the following material items, which are measured on the following alternative basis in the financial

- Equity securities measured at FVTOCI
- Investment securities (treasury bills) measured at amortised cost
- Financial assets and liabilities measured at amortised cost

(c) Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. 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 Note 6.

(d) Functional and presentation currency
These financial statements are presented in Naira, which is the Bank's functional and presentation currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated. The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Interest

i. Effective interest rate

Interest income and expense 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 purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. 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 that 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

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see 4(h)(vii).

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and

- interest on financial assets and financial liabilities measured at amortised cost;
- negative interest on financial liabilities measured at amortised cost.

Interest expense presented in the statement of profit or loss and OCI includes:

NOTES TO THE FINANCIAL STATEMENTS - continued

- financial liabilities measured at amortised cost;
- negative interest on financial assets measured at amortised cost; and
- interest expense on lease liabilities.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and

Interest income and expense on other financial assets and financial liabilities at fair value through profit or loss (FVTPL) are presented in net income and from other financial instruments at FVTPL.

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

(b) Fees and commission

Fees and commission is measured based on the consideration specified in a contract with a customer. The bank recognises this income when it disburses loans and accepts deposits from its customers.

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

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fees and commission income, including loan account servicing fees, investment management fees, etc. are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the

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

(c) Other income

The total sum includes income from service fees and charges, profit on disposal of property and equipment and dividend income. They are recognised as the related services are performed and when the entity's right to receive payment is established.

(d) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss (FVTPL) relates to financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest and dividends.

(e) Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

(f) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS - continued

Bank acting as a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The incremental borrowing rate depends on the term and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Bank and the lease does not benefit from a guarantee from the Bank.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives received;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees; and
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset)

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

The Bank did not make any such adjustments during the periods presented.

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

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets
The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Income tax
Income tax expense comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other

The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* .

(i) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

Current tax assets and liabilities are offset only if certain criteria are met and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Bank during the year)
- National Agency for Science and Engineering Infrastructure (NASENI levy is computed on profit before tax)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12 and the Finance Act, 2021.

(ii) **Deferred tax**
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences.

Deferred income tax assets and labilities are offset when there is a legally enforceable right to offset current tax assets against current tax liablities and when the deferred income taxes asset and liabilities relate to income taxes Ievied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprebensive income or directly in equity, respectively.

Deferred income tax assets and labilities are offset when there is a legally enforceable right to offset current tax assets against current tax liablities and when the deferred income taxes asset and liabilities relate to income taxes Ievied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprebensive income or directly in equity, respectively.

(h) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated

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

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Bank makes an assessment of the objective of the 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 its strategy for 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); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Bank Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash

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

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this 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 (SPPI), 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 loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected – see below.

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;

- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

Contractually linked instruments

The Bank has some investments in securitisations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

- the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
- the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and
- the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

iii) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then 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 plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, in this case, the bank recalculates the gross carrying amount of the financial asset and derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. 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 derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) **Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

The Bank recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

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

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to
- *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

NOTES TO THE FINANCIAL STATEMENTS - continued

When discounting future cash flows, the following discount rates are used:

- *financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables:* the original effective interest rate or an approximation thereof;
- *POCI assets:* a credit-adjusted effective interest rate;
- *lease receivables:* the discount rate used in measuring the lease receivable;
- *undrawn loan commitments:* the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- *financial guarantee contracts issued:* the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market’s assessment of creditworthiness as reflected in bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

NOTES TO THE FINANCIAL STATEMENTS - continued

POCI financial assets
POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost* : as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts:* generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component:* the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank’s procedures for recovery of amounts due.

Financial guarantee contracts held
The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower’s group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in ‘other assets’. The Bank presents gains or losses on a compensation right in profit or loss in the line item ‘impairment losses on financial instruments’.

NOTES TO THE FINANCIAL STATEMENTS - continued

(viii) Designation at fair value through profit or loss (FVTPL)

Financial assets
On initial recognition, the Bank has designated certain financial assets at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, that would otherwise arise.

Financial liabilities
The Bank designated certain financial liabilities at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(i) Cash and cash equivalents
In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are generally short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(j) Pledged assets
Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from their original class to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial measurement of assets pledged as collateral is at fair value while subsequent measure is at amortized cost.

(k) Loans and advances
Loans and advances to customers' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

(l) Investment Securities
The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest
- equity investment securities designated as at FVOCI.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(m) Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that
If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

(ii) Subsequent costs
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

(iii) **Depreciation**
Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Land	Not depreciated
Buildings	50 years
Computer equipment	3 years
Office equipment	5 years
Furniture and fittings	5 years
Motor vehicles	4 years
Right of use assets	Lower of lease term or the useful life of the leased asset

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) De-recognition
An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Intangible

Computer
Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life for computer software for the current and comparative periods is three

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if

(o) Impairment of non-financial assets
At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata

For other assets, other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS - continued

(p) Deposits and borrowings

Deposits and borrowings are the Bank's sources of funding. When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the consideration received is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and borrowings are initially measured at fair value minus incremental direct transaction costs, Subsequently, they are measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at fair value through profit or loss.

(q) Other assets

Prepayments include costs paid in relation to subsequent financial periods and are measured at cost less amortization for the period. The Bank recognises prepaid expense in the accounting year in which it is paid.

Other receivables comprise staff cash advance and sundry debtors which are carried at cost less lifetime ECL

Inventories comprise stock of debit cards, stock of credit cards, stock of cheques, stock of office stationeries, stock of micr cheques, non micr cheques, and stock of adhensive stamp. Inventories are stated at lower of cost and net realisable value. Cost of inventories also include all other cost incurred in bringing the items to their present location

(r) Provisions and other liabilities

A provision is 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 the risks specific to the liability. The unwinding of the discount is recognised as interest expense.

Other liabilities are short term obligations to third parties. They are recognized at cost.

Restructuring: A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Bank levies: A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

(s) Contingent liabilities

Contingent liabilities 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 Bank's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial

(t) Expenditure

Expenses are recognised in the profit or loss as they are incurred unless they create an asset from which future economic benefits will flow to the Bank. An expected loss on a contract is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

(u) Employee benefits

(i) Defined contribution plan

A defined contribution plan is pension plan under which the Bank pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. For defined contribution plans, the Bank makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reform Act. The Bank has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms

(ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the group in respect of services provided by employees

(v) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(ii) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of IFRS.

(w) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

5 Financial risk management

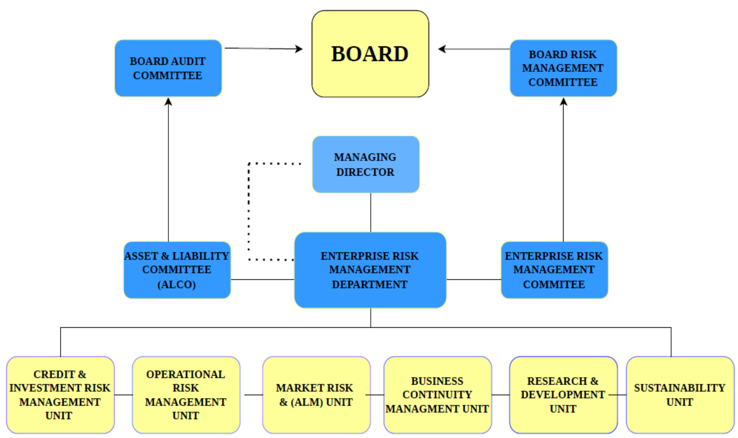
(a) Introduction and overview
The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for approving and monitoring Bank risk management policies.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board also oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board is assisted in its oversight role by the Board Risk Management Committee, which undertakes both regular and ad-hoc reviews of risk management controls and procedures.

The risk management framework of the Bank identifies risk culture as the foundation upon which the pillars of risk and control processes and extreme events management lie.

The general organisational structure can be seen below:



The Bank's risk management governance structure is as shown below:

The Board of Directors are responsible for developing and monitoring the Bank's risk management policies.

NOTES TO THE FINANCIAL STATEMENTS - continued

(i) *The Bank's approach to risk*

The Bank addresses the challenge of risks comprehensively through an enterprise-wide risk management framework by applying leading practices that are supported by a governance structure consisting of the board and executive management committees. The Board drives the risk governance and compliance process through management. The audit committee provides oversight on the systems of internal control, financial reporting and compliance. The Board also sets the risk philosophy, policies and strategies and provides guidance on the various risk elements and their management.
Executive management drives the management of the financial risks (market, liquidity and credit risk), operational risks as well as strategic and reputational risks.

The key features of the Bank's risk management framework are:

• The Board of Directors provide overall risk management direction and oversight.
• The Bank's risk appetite is approved by the Board of Directors.
• Risk management is embedded in the Bank as an intrinsic process and is a core competency of all its employees.
• The Bank manages its credit, market, operational and liquidity risks in a co-ordinated manner within the organization.
• The Bank's risk management function is independent of the business divisions.
• The Bank's internal audit function reports to the Board; providing independent validation of the business units' compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework on an enterprise-wide basis.

The Board of Directors is committed to managing compliance with a framework to enforce compliance with applicable laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

The compliance function, under the leadership of the Head of Internal audit of the Bank has put in place a compliance framework, which includes:

• Comprehensive compliance manual, the manual details the roles and responsibilities of all stakeholders in the compliance process,
• Review and analysis of all relevant laws and regulations, which are adopted into policy statements to ensure business is conducted professionally.

(ii) *Risk Appetite*

The Bank's risk appetite is reviewed by the Board of Directors annually, at a level that minimizes erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies. This reflects the conservative nature of the Bank as far as risk taking is concerned.

The Bank employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the Bank's risk appetite.

(iii) *Risk Management Philosophy, Culture and Objectives*

The Bank considers effective risk management to be the foundation of a long lasting 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 management is a shared responsibility. Therefore the Bank aims to build a shared perspective on risks that is grounded in consensus.
• There is clear segregation of duties between market facing business units and risk management functions.
• Risk Management is governed by well defined policies which are clearly communicated within the Bank.
• Risk related issues are taken into consideration in all business decisions. The Bank shall continually strives to maintain a conservative balance between risk and revenue consideration.

The Bank has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers, investment in debt securities, cash and cash equivalents, pledged assets and trade and other receivables. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, country and sector risk.

The Bank has exposure to credit risk as it routinely executes transactions with counterparties which comprise mainly of public service employers and employees as well as private sector employees.

(i) *Credit risk limits*

The Bank applies credit risk limits, among other techniques in managing credit risk. This is the practice of stipulating a maximum amount that the individual or counterparty can obtain as loan. Internal and regulatory limits are strictly adhered to. Through this, the Bank not only protects itself, but also in a sense, protects the counterparty from borrowing more than they are capable of paying.

The Bank continues to focus on its concentration and intrinsic risks and further manage them to a more comfortable level. This is very important due to the serious risk implications that intrinsic and concentration risk pose to the Bank. A thorough analysis of economic factors, market forecasting and prediction based on historical evidence is used to mitigate the crystallization of these risks.

The Bank has in place various portfolio concentration limits (which is subject to periodic review). These limits are closely monitored and reported on from time to time.

The Bank's internal credit approval limits for the various authority levels are as indicated below.

GRADE	APPROVAL LIMIT
SALARY BASED LOAN	
Officer/Assistant manager (Branch managers only)	₦1 200 000
Deputy Manager	₦1 500 000
Manager	₦2 000 000
Senior Manager	₦2 500 000
Assistant Regional Heads	₦3 000 000
Regional Heads	₦4 000 000
Executive Director, Operations	₦7 000 000
Managing Director (MD)	₦10 000 000
Board Risk Committee	₦10,000,001 to ₦15,000,000
Full Board	Above ₦15,000,000
NON-SALARY BASED LOAN	
SMEs (Regional limit)	₦2 000 000

These internal approval limits are set and approved by the Bank's Board and are reviewed regularly as the state of affairs of the Bank and the wider financial environment demands. However, approval of micro credits resides with Regional Heads and Head Office.

NOTES TO THE FINANCIAL STATEMENTS - continued

Credit quality analysis
The tables below set out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investment securities without taking into account collateral or other credit enhancement. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	31 December 2025				
In thousands of naira	**12-month PD ranges**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan and advances to customers at amortised cost					
Grades 1-6: Strong	0-0.59	38 576 909	-	-	38 576 909
Grades 7-9: Satisfactory	0.60-11.34	-	238 605	-	238 605
Grade 10: Higher risk	11.35-99.99	-	-	-	-
Grade 11-12: Credit-impaired	100	-	-	1 743 085	1 743 085
Gross carrying amount		38 576 909	238 605	1 743 085	40 558 598
Loss allowance		(1 435 197)	(3 593)	(265 890)	(1 704 680)
Carrying amount		**37 141 712**	**235 012**	**1 477 195**	**38 853 918**

	31 December 2024				
In thousands of naira	**12-month PD ranges**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan and advances to customers at amortised cost					
Grades 1-6: Strong	0-0.59	25 376 362	-	-	25 376 362
Grades 7-9: Satisfactory	0.60-11.34	-	160 914	-	160 914
Grade 10: Higher risk	11.35-99.99	-	-	-	-
Grade 11-12: Credit-impaired	100	-	-	1 382 995	1 382 995
Gross carrying amount		25 376 362	160 914	1 382 995	26 920 271
Loss allowance		(731 412)	(4 175)	(656 524)	(1 392 111)
Carrying amount		**24 644 950**	**156 739**	**726 471**	**25 528 160**

	31 December 2025				
In thousands of naira	**12-month PD ranges**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Debt investment securities at amortised cost					
Grades 1-6: Strong	0-0.59	3 406 529	-	-	3 406 529
Loss allowance		(3 635)	-	-	(3 635)
Carrying amount		3 402 894	-	-	3 402 894
Equity investment at FVOCI					
Grades 1-6: Strong	0-0.59	51 149	-	-	51 149
Grades 7-9: Satisfactory	0.60-11.34	-	-	-	-
Grade 10: Higher risk	11.35-99.99	-	-	-	-
Grade 11-12: Credit-impaired	100	-	-	-	-
Gross carrying amount		51 149	-	-	51 149
Loss allowance		-	-	-	-
Carrying amount - fair value		**51 149**	**-**	**-**	**51 149**

	31 December 2024				
In thousands of naira	**12-month PD ranges**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Debt investment securities at amortised cost					
Grades 1-6: Strong	0-0.59	3 900 117	-	-	3 900 117
Loss allowance		(16 470)	-	-	(16 470)
Carrying amount		3 883 647	-	-	3 883 647
Equity investment at FVOCI					
Grades 1-6: Strong	0-0.59	1 056	-	-	1 056
Grades 7-9: Satisfactory	0.60-11.34	-	-	-	-
Grade 10: Higher risk	11.35-99.99	-	-	-	-
Grade 11-12: Credit-impaired	100	-	-	-	-
Gross carrying amount		1 056	-	-	1 056
Loss allowance		-	-	-	-
Carrying amount - fair value		**1 056**	**-**	**-**	**1 056**

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

– a quantitative test based on movement in PD;
– qualitative indicators; and
– a backstop of 30 days past due.

Credit risk grades
The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

NOTES TO THE FINANCIAL STATEMENTS - continued

Corporate exposures

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes;
- data from reference agencies, press articles, changes in external credit ratings;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

Retail exposures

- Internally collected data on customer behaviour - e.g. utilisation of credit card facilities;
- external data from credit reference agencies, including industry-standard credit scores.

All exposures

- Payment record - this includes overdue status as well as a range of variables about payment ratios;
- utilisation of the granted limit;
- requests for and granting of forbearance; and
- existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

The Bank identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Bank identifies a key driver that is not considered in the individual assessment on a timely basis, then the Bank will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Bank concluding that a segment or proportion of a portfolio has undergone a

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of contract;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Management Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund, and selected private-sector and academic forecasters.

Weights are assigned to the possible outcome of each scenario based on statistical regression analysis and expert judgement taking account of the range of possible outcomes each chosen scenario is representative of.

The assessment of SICR is determined using rating migration which are linked to the PDs of each scenarios multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded.
Following this assessment, the Bank measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

Generally, in economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, hence the actual outcomes may be significantly different to those projected. Therefore, the Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 4(h)(iv).

NOTES TO THE FINANCIAL STATEMENTS - continued

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

Economic variable assumptions
The most significant period-end assumptions used for the ECL estimate as at 31 December 2025 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

Loans and advances to customers, Investment securities, current accounts and placements with financial institutions

		2023	2024
Crude oil price (USD per barrel)	Average	54.56	54.53
	Upturn	91.85	93.13
	Downturn	17.57	17.02
Inflation rate (in %)	Average	20%	22%
	Upturn	12%	13%
	Downturn	33%	15%
GDP	Average	2.41	2.39
	Upturn	6.42	6.35
	Downturn	0.91	0.90
MPR	Average	18%	15%
	Upturn	14%	11%
	Downturn	23%	19%
Money Supply	Average	396%	449%
	Upturn	482%	548%
	Downturn	326%	368%

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 are set out below.

		2023	2024
Crude oil price (USD per barrel)	Average	54.56	54.53
	Upturn	91.85	93.13
	Downturn	17.57	17.02
Inflation rate (in %)	Average	20%	22%
	Upturn	12%	13%
	Downturn	33%	15%
GDP	Average	2.41	2.39
	Upturn	6.42	6.35
	Downturn	0.91	0.90
MPR	Average	18%	15%
	Upturn	14%	11%
	Downturn	23%	19%
Money Supply	Average	396%	449%
	Upturn	482%	548%
	Downturn	326%	368%

In current year, the scenario based forecasts for inflation and GDP were applied in the regression model to obtain fitted scalars per scenario. Expert judgement to determine the probability weights of each scenario was applied in the current year using Scenario 1 - Base case – 50%, Scenario 2 - Worst Case – 30%, and Scenario 3 - Best Case –20 %. The weightings assigned to each economic scenario at 31 December 2025 were as follows:

December 2025	Base	Downturn	Upturn
Loan portfolio, Investment Securities and Placement with financial institutions	40%	30%	30%
December 2024	Base	Downturn	Upturn
Loan portfolio, Investment Securities and Placement with financial institutions	50%	30%	20%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness

Sensitivity analysis on ECL Model

The most significant assumptions affecting the ECL allowance are as follows:

Loan portfolio
(i) GDP
(ii) Oil price
(iii) Inflation rate
(iv) Exchange rate
(v) Interest rate

The bank estimates each key driver for credit risk over the active forecast period of two years. This is followed by a period of mean reversion depending on the product and geographical

NOTES TO THE FINANCIAL STATEMENTS - continued

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the two-year forecast period.

As at 31 December 2025	Crude oil price	Inflation rate
Central economic assumptions		
2-year average	72.01%	14.82
Peak	82.90%	16.49
Upside economic assumptions		
2-year average	75.00%	13.94
Peak	78.00%	15.10
Downside economic assumptions		
2-year average	72.00%	15.46
Trough	75.60%	13.00

As at 31 December 2024	Crude oil price	Inflation rate
Central economic assumptions		
2-year average	72.01%	14.82
Peak	82.90%	16.49
Upside economic assumptions		
2-year average	75.00%	13.94
Peak	78.00%	15.10
Downside economic assumptions		
2-year average	72.00%	15.46
Trough	75.60%	13.00

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

The methodology for estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for lending collateralised by property, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which may include:
- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

NOTES TO THE FINANCIAL STATEMENTS - continued

The following table sets out a reconciliation of changes in the net carrying amount of credit-impaired loans and advances to customers.

In thousands of naira	**31-Dec-25**	**31-Dec-24**
Credit-impaired loans and advances to customers at 1 January	(621 209)	955 336
Change in ECL allowance	(390 634)	(1 516 326)
Classified as credit-impaired during the year	-	-
Transferred to not-credit-impaired during the year	-	(60 219)
Net repayments	-	-
Recoveries of amounts previously written off	-	-
Write off	(224 870)	-
Credit-impaired loans and advances to customers at 31 December	(1 236 713)	(621 209)

(i) *Offsetting financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The financial instruments such as loans and deposits disclosed in the statement of financial position are not offset as the Bank does not have any current enforceable obligation to do

(ii) *Exposure to credit risk*

The Bank's exposure to credit risk is influenced mainly by the characteristics of the counterparties. Management considers the default risk of the industry in which the counterparty operates based on economic factors as this may have an influence on credit risk.

The Bank is exposed to credit risk on its loans and receivables balances due from its customers in the public and private sectors .

The Bank has credit standards, policies and procedures to control and monitor intrinsic and concentration risks through all credit levels of selection, underwriting, administration and control. This include:

• Utilization of the services of portfolio managers whom are educated on the risk appetite of the Bank and thus ensure that all investments are in low risk grade securities.
• Ensuring that all investments entered are of a low to medium duration and thus minimising the risk of default.
• All treasury investments undergo a formal credit analysis process that would ensure the proper appraisal of the facility.
• The consequences for non-compliance with the credit policy and credit indiscipline are communicated to all staff and implemented.
• All conflict of interest situations must be avoided.

(iii) *Investment securities designated at FVTOCI*

The Bank via its portfolio managers limits its exposure to credit risk by investing only in highly liquid money market instruments with counterparties that have a good credit rating. The portfolio managers actively monitors credit ratings and ensures that the Bank has only made investments in line with the Bank's investment policy as approved by Board which approves investments in equities, placements with local banks and Federal Government Treasury Bills.

(iv) *Cash and cash equivalents*

The Bank held cash and cash equivalents with maturity profile of less than or equal to 3 months, held with local banks and assessed to have good credit ratings based on the Bank's policy.

(v) *Loans and advances to customers*

The Bank has classified loans and advances to customers. These are evaluated periodically for impairment in line with its accounting policy as disclosed in note 4(h)(viii). Impairment losses have been recognized in profit or loss and reflected in an allowance account against loans and advances to customers. The total impairment allowance as at 31 December 2025 was approximately ₦1,704 billion (31 December 2024: ₦1,392 billion).

(vi) *Collateral security*

All financial assets held by the Bank are normally unsecured. Our comfort on the Treasury Bills is the issuer's credit rating, which is the Federal Government of Nigeria, while for the loans and advances, we obtain comfort from the fact that the loans are mostly backed by the salary accounts of serving officers domiciled with the Bank. Staff loans are also recovered through salary deductions and staff mortgage loans are secured against the property purchased.

(vii) *Write-off policy*

The Bank writes off a loan balance when the Bank's Credit Department determines that the loan is uncollectible and had been declared delinquent and subsequently classified as lost. The write-off process is a critical component of the Bank's credit management activities. The policy requires a periodic review and identification of classified loans deemed to be uncollectible with long outstanding balances of principal and interest. The determination is made after considering information such as the continuous deterioration in the customer's financial position, such that the customer can no longer pay the obligation, or that the proceeds from the collateral will not be sufficient to pay back the entire exposure. Board approval is required for such write-off. The loan recovery department continues with its recovery efforts and any loan subsequently recovered is treated as other income.

(viii) *Maximum exposure to credit risk*

The carrying amount of the Bank's financial assets, which represents the maximum exposure to credit risk at the reporting date was as follows:

In thousands of naira	Note	**31-Dec-25**	**31-Dec-24**
Cash and cash equivalents	16	19 825 067	33 837 861
Investment securities at amortised cost	19	2 886 212	3 366 537
Loans and advances to customers	18	38 852 652	25 528 160
Pledged assets	17	2 040 500	2 735 460
Other assets (excluding prepayments and inventories)	20	439 800	679 572
		64 044 231	66 147 590

NOTES TO THE FINANCIAL STATEMENTS - continued

(vii) *Geographical Sectors*

The following table breaks down the Bank's main credit exposure at their gross amounts (Loans and advances to customers and deposit with banks) as categorised by geographical region. ''Deposit with banks'' here represents current account balances with other banks, money market placements and investments in treasury bills. For this table, the Bank has allocated exposures to regions based on the region of domicile of the Bank's counterparties.

	31 December 2025			**31 December 2024**		
In thousands of naira	**Deposit with banks**	**Loans and advances to customers**	**Total**	**Deposit with banks**	**Loans and advances to customers**	**Total**
South South	2 766 476	5 372 390	8 138 866	5 544 274	3 718 058	9 262 332
South West	3 161 687	12 249 132	15 410 819	4 643 747	6 699 952	11 343 700
South East	2 964 081	5 376 890	8 340 971	5 531 885	3 109 721	8 641 606
North Central	4 347 319	8 658 401	13 005 720	6 495 611	6 142 036	12 637 647
North West	3 556 898	5 575 565	9 132 463	6 101 094	4 305 515	10 406 610
North East	2 964 081	3 326 220	6 290 301	5 425 339	2 921 872	8 347 211
	19 760 543	40 558 598	60 319 141	33 741 952	26 897 154	60 639 106

(viii) *Credit Quality*

The following table breaks down the Bank's main credit exposure at their gross amounts, as categorised by performance as at 31 December 2025 and 31 December 2024 respectively.

	31 December 2025			**31 December 2024**		
In thousands of naira	**Deposit with banks**	**Loans and advances to customers**	**Total**	**Deposit with banks**	**Loans and advances to customers**	**Total**
12 months ECL	19 760 543	38 576 909	58 337 452	33 741 952	25 376 362	59 118 314
Lifetime ECL not credit impaired	-	238 605	238 605	-	160 914	160 914
Lifetime ECL credit impaired	-	1 743 085	1 743 085	-	1 382 995	1 382 995
Gross amount	19 760 543	40 558 598	60 319 141	33 741 952	26 920 271	60 662 223
ECL impairment	(50 349)	(1 704 680)	(1 755 029)	(76 881)	(1 392 111)	(1 468 992)
Carrying amount	19 710 194	38 853 918	58 564 112	33 665 071	25 528 160	59 193 231

(ix) *Credit risk exposure*

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless, specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

External rating grade (S&P)

	31 December 2025				**31 December 2024**			
In thousands of naira	**Stage 1**	**Stage 2**	**Stage3**	**Total**	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Cash and cash equivalents								
AAA - A	-	-	-	-	-	-	-	-
BBB - B	19 875 416	-	-	19 875 416	33 914 742	-	-	33 914 742
Below B	-	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	-	-
Gross carrying amount	**19 875 416**	**-**	**-**	**19 875 416**	**33 914 742**	**-**	**-**	**33 914 742**
Loss allowance	(50 349)	-	-	(50 349)	(76 881)	-	-	(76 881)
Carrying amount	**19 825 067**	**-**	**-**	**19 825 067**	**33 837 861**	**-**	**-**	**33 837 861**

	31 December 2025				**31 December 2024**			
In thousands of naira	**Stage 1**	**Stage 2**	**Stage3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Pledged assets								
AAA - A	-	-	-	-	-	-	-	-
BBB - B	2 148 577	-	-	2 148 577	2 843 537	-	-	2 843 537
Below B	-	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	-	-
Gross carrying amount	2 148 577	-	-	2 148 577	2 843 537	-	-	2 843 537
Loss allowance	(108 077)	-	-	(108 077)	(108 077)	-	-	(108 077)
Carrying amount	2 040 500	-	-	2 040 500	2 735 460	-	-	2 735 460

	31 December 2025				**31 December 2024**			
In thousands of naira	**Stage 1**	**Stage 2**	**Stage3**	**Total**	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Loans and advances								
AAA - A	-	-	-	-	-	-	-	-
BBB - B	-	-	-	-	-	-	-	-
Below B	-	-	-	-	-	-	-	-
Unrated	38 576 909	238 605	1 743 085	40 558 598	25 376 362	160 914	1 382 995	26 920 271
Gross carrying amount	**38 576 909**	**238 605**	**1 743 085**	**40 558 598**	**25 376 362**	**160 914**	**1 382 995**	**26 920 271**
Loss allowance	(1 435 197)	(3 593)	(265 890)	(1 704 680)	(731 412)	(4 175)	(656 524)	(1 392 111)
Carrying amount	**37 141 712**	**235 012**	**1 477 195**	**38 853 918**	**24 644 950**	**156 739**	**726 471**	**25 528 160**

NOTES TO THE FINANCIAL STATEMENTS - continued

In thousands of naira	31 December 2025 Stage 1	Stage 2	Stage3	Total	31 December 2024 Stage 1	Stage 2	Stage3	Total
Investment securities								
AAA - A	-	-	-	-	-	-	-	-
BBB - B	2 889 847	-	-	2 889 847	3 383 007	-	-	3 383 007
Below B	-	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	-	-
Gross carrying amount	2 889 847	-	-	2 889 847	3 383 007	-	-	3 383 007
Loss allowance	(3 635)	-	-	(3 635)	(16 470)	-	-	(16 470)
Carrying amount	2 886 212	-	-	2 886 212	3 366 537	-	-	3 366 537

In thousands of naira	31 December 2025 Stage 1	Stage 2	Stage3	Total	31 December 2024 Stage 1	Stage 2	Stage3	Total
Other receivables								
AAA - A	-	-	-	-	-	-	-	-
BBB - B	-	-	-	-	-	-	-	-
Below B	-	-	-	-	-	-	-	-
Unrated	-	-	483 211	483 211	-	-	772 279	772 279
Gross carrying amount	-	-	483 211	483 211	-	-	772 279	772 279
Loss allowance	-	-	(43 411)	(43 411)	-	-	(92 707)	(92 707)
Carrying amount	-	-	439 800	439 800	-	-	679 572	679 572

(x) *Loss allowance*
The following tables show reconciliation from the opening to the closing balance of the loss allowance of financial instrument.

In thousands of naira **Cash and cash equivalents**	31 December 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	76 881	-	-	76 881	63 477	-	-	63 477
Net measurement on loss allowance (see note 12)	(26 532)	-	-	(26 532)	13 404	-	-	13 404
Balance at 31 December	50 349	-	-	50 349	76 881	-	-	76 881

In thousands of naira **Pledged assets**	31 December 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	108 077	-	-	108 077	20 484	-	-	20 484
Net measurement on loss allowance (see note 12)	-	-	-	-	87 593	-	-	87 593
Balance at 31 December	108 077	-	-	108 077	108 077	-	-	108 077

In thousands of naira **Loan and advances to customers**	31 December 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	731 412	4 175	656 524	1 392 111	568 931	17 467	859 802	1 446 200
Net measurement on loss allowance (see note 12)	703 785	(582)	(165 764)	537 439	162 481	(13 292)	(203 278)	(54 089)
Write-offs during the year	-	-	(224 870)	(224 870)	-	-	-	-
Balance at 31 December	1 435 197	3 593	265 890	1 704 680	731 412	4 175	656 524	1 392 111

In thousands of naira **Investment securities at amortised cost**	31 December 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	16 470	-	-	16 470	80	-	-	80
Net measurement on loss allowance (see note 12)	(12 835)	-	-	(12 835)	16 390	-	-	16 390
Balance at 31 December	3 635	-	-	3 635	16 470	-	-	16 470

In thousands of naira **Other assets**	31 December 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	-	-	92 707	92 707	-	-	92 707	92 707
Net measurement on loss allowance (see note 12)	-	-	43 411	43 411	-	-	-	-
Balance at 31 December	-	-	136 118	136 118	-	-	92 707	92 707

NOTES TO THE FINANCIAL STATEMENTS - continued

(c) Liquidity risk

Liquidity risk is the potential loss arising from the Bank's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other Bank's risks such as credit, market and

(i) *Liquidity risk management process*

The Bank has a sound and robust liquidity risk management framework that ensures that sufficient liquidity, including a cushion of unencumbered and high quality liquid assets, are maintained at all times to enable the Bank withstand a range of stress events, including those that might involve loss or impairment of funding sources.

The Bank's liquidity risk exposure is monitored and managed by senior management on a regular basis. This process includes:

- Projecting cash flows and considering the level of liquid assets necessary in relation thereto
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of debt maturities;
- Maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimizing any adverse long-term implications for the business.
- Regular conduct of stress testing, coupled with testing of contingency funding plans from time to time.

The Bank maintains adequate liquid assets sufficient to manage any liquidity stress situation. The liquidity ratio remains one of the best among its peer companies.

(ii) *Maturity analysis for financial assets and financial liabilitiess*

The following are the remaining maturities of financial assets and financial liabilities at the reporting date. These are the carrying amounts which includes interest payments and exclude the impact of netting agreements.

31 I **31 December 2025**

In thousands of naira	Note	Carrying amount	Gross nominal inflow/(outflow)	Contractual Maturity Analysis Up to 3 months	3 - 6 months	6 months - 1 year	Over 1 year
Non-derivative financial assets							
Cash and cash equivalents	16	19 825 067	19 875 416	19 875 416	-	-	-
Pledged assets	17	2 040 500	2 148 577	-	189 054	1 939 523	20 000
Loans and advances to customers	18	38 852 652	40 557 332	12 978 346	10 139 333	11 655 796	5 783 857
Investment securities	19	2 886 212	2 889 847	2 889 847	-	-	-
Other receivables	20	439 800	483 211	-	483 211	-	-
		64 044 231	65 954 383	35 743 609	10 811 598	13 595 319	5 803 857
Non-derivative financial liabilities							
Cas Deposits from customers	23	42 875 804	(43 004 431)	(17 201 773)	(15 051 551)	(10 751 108)	-
Other liabilities	25	5 909 490	(5 909 490)	(89 674)	(230 898)	(302 808)	(5 286 110)
Lease liability	25	225 363	(228 969)	(9 411)	(14 150)	(41 383)	(164 025)
Inve Borrowings	24	3 079 480	(3 079 480)	(375 000)	(375 000)	(437 500)	(1 891 980)
		52 090 137	(52 222 370)	(17 675 857)	(15 671 599)	(11 532 799)	(7 342 114)

31 December 2024

In thousands of naira	Note	Carrying amount	Gross nominal inflow/(outflow)	Contractual Maturity Analysis Up to 3 months	3 - 6 months	6 months - 1 year	Over 1 year
Non-derivative financial assets							
Cash and cash equivalents	16	33 837 861	33 948 279	33 948 279	-	-	-
Pledged assets	17	2 735 460	2 786 873	20 000	189 054	2 577 819	-
Loans and advances to customers	18	25 528 160	27 149 199	8 687 743	6 787 300	7 658 448	4 015 707
Investment securities	19	3 366 537	1 241 775	1 241 775	-	-	-
Other receivables	20	679 572	20 197	-	20 197	-	-
		66 147 590	65 146 323	43 897 797	6 996 551	10 236 267	4 015 707
Non-derivative financial liabilities							
Deposits from customers	23	42 059 255	(42 185 433)	(16 874 173)	(14 764 901)	(10 546 358)	-
Other liabilities	25	13 007 329	(3 939 140)	(89 674)	(230 898)	(302 808)	(3 315 760)
Lease liability	25	122 262	(124 218)	(5 105)	(7 677)	(22 423)	84 052
Borrowings	24	572 483	572 483	(375 000)	(375 000)	(437 500)	644 526
		55 761 329	(45 676 308)	(17 343 952)	(15 378 476)	(11 309 089)	(2 587 182)

The above analysis is based on the Bank's contractual cash flows on the financial liabilities.

As part of the management of its liquidity risk, the Bank holds liquid assets comprising cash and cash equivalents and other financial assets to meet its liquidity requirements.

(iii) *Ma Exposure to liquidity risk*

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

Details of the reported ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

In thousands of naira	2025	2024
At 31 December	**54%**	**90%**
Average for the period	**72%**	**83%**
Maximum for the period	**88%**	**90%**
Minimum for the period	**55%**	**72%**

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, and interest rate and equity prices will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

The Bank's portfolio managers assess, monitor, manage and report on market risk taking activities within the Bank. The Bank has continued to develop its market risk management framework. The operations of the fund managers in connection with the management of market risk is guided by the Bank's culture of reducing the risk of losses associated with market risk-taking activities, and optimizing risk-reward trade-off."

The Bank's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Bank and ensure that:

1 The individuals who take or manage risk clearly understand it.
2 The Bank's risk exposure is within established limits.
3 Risk taking decisions are in line with business strategy and objectives set by the Board of Directors.
4 The expected payoffs compensate for the risks taken.
5 Sufficient capital, as a buffer, is available to take risk.

NOTES TO THE FINANCIAL STATEMENTS - continued

Our market risks exposures are broadly categorised into:

(i) Trading market risks - These are risks that arise primarily through trading activities and market making activities. These include position taking in fixed income securities (Bonds and Treasury Bills).
(ii) Non trading market risks - These are risks that arise from assets and liabilities that are usually on our books for a longer period of time, but where the intrinsic value is a function of the movement of financial market parameters.

(i) Measurement of market risk
The Bank currently adopts non-VAR (Value At Risk) approach for quantitative measurement and control of market risks in both trading and non trading books. The measurements includes: Duration and Stress Testing. The measured risks using these two methods are monitored against the pre-set limits on a monthly and weekly basis respectively. All exceptions are investigated and reported in line with the Bank's internal policies and guidelines.

Limits are sets to reflect the risk appetite that is approved by the Board of Directors. These limits are reviewed at least annually or at a more frequent intervals. Some of the limits include: Aggregate Control Limits (for Securities); Management Action Trigger (MAT) and Duration.

(ii) Exposure to foreign exchange risk
Foreign Exchange risk is the exposure of the Bank’s financial condition to adverse movements in exchange rates. The Bank can be exposed to foreign exchange risk through any asset, investment and bank balance domiciled in foreign currency.

Currently, the Bank does not have transactions in any other currency except the Bank's reporting currency i.e. Naira. Hence, it is not exposed to foreign exchange risk.

(iii) Exposure to interest rate risk
The Bank is exposed to a considerable level of interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). Similar to the last financial year, interest rate was fairly volatile. These changes could have a negative impact on the net interest income, if not properly managed. This greatly assists it in managing its exposure to interest rate risks.
Sensitivity analyses are carried out from time to time to evaluate the impact of rate changes on the net interest income. The assessed impact has not been significant on the capital or

The table below summarizes the Bank's interest rate gap position:

31 December 2025

				Contractual cash flows			
In thousands of naira	**Note**	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Up to 3 months**	**3 - 6 months**	**6 months - 1 year**	**Over 1 year**
Assets							
Cash and cash equivalents	16	19 825 067	19 825 067	19 908 953	-	-	-
Pledged assets	17	2 040 500	2 128 577	-	189 054	1 939 523	-
Investment securities	19	2 886 212	2 889 847	2 889 847	-	-	-
Loans and advances to customers	18	38 852 652	40 557 332	12 978 346	10 139 333	11 655 796	5 783 857
Other assets	20	1 244 561	1 244 561	-	-	-	-
		64 848 992	66 645 384	35 777 146	10 328 387	13 595 319	5 783 857
Liabilities							
Deposits from customers	23	42 875 804	(43 004 431)	(17 201 773)	(15 051 551)	(10 751 108)	-
Other liabilities	25	5 909 490	(5 909 490)	-	-	-	-
Lease liability	25	225 363	(228 969)	(9 411)	(14 150)	(41 503)	164 025
Borrowings	24	3 079 480	(3 079 480)	375 000	375 000	437 500	(1 891 980)
		52 090 137	(52 222 370)	(16 836 183)	(14 690 701)	(10 355 111)	(1 727 956)
		12 758 855	14 423 014	18 940 963	(4 362 314)	3 240 207	4 055 902

31 December 2024

				Contractual cash flows			
In thousands of naira	**Note**	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Up to 3 months**	**3 - 6 months**	**6 months - 1 year**	**Over 1 year**
Assets							
Cash and cash equivalents	16	33 837 861	33 948 279	33 948 279	-	-	-
Pledged assets	17	2 735 460	2 786 873	20 000	189 054	2 577 819	-
Investment securities	19	3 366 537	3 383 007	1 241 775	-	-	-
Loans and advances to customers	18	25 528 160	27 149 199	8 687 743	6 787 300	7 658 448	4 015 707
Other assets	20	870 559	870 559	870 559	-	-	-
		66 338 577	68 137 917	44 768 356	6 976 354	10 236 267	4 015 707
Liabilities							
Deposits from customers	23	42 059 255	(42 185 432)	(16 874 173)	(14 764 901)	(10 546 358)	-
Other liabilities	25	13 007 329	(3 939 140)	(89 674)	(230 898)	(302 808)	(3 315 760)
Lease liability	25	122 262	(124 218)	(9 411)	(14 150)	(41 503)	164 025
Borrowings	24	572 483	(542 974)	(375 000)	(375 000)	(437 500)	644 526
		55 761 329	(46 791 764)	(17 348 258)	(15 384 949)	(11 328 169)	(2 507 209)
		10 577 248	21 346 153	27 420 098	(8 408 595)	(1 091 902)	1 508 498

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank’s financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200 basis point (BP) parallel fall or rise in all yield curves. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows.

The Bank's sensitivity to an increase or decrease in interest rates by 200 basis points:

	31-Dec-25	**31-Dec-24**
In thousands of naira		
Increase in interest rate by 200 basis points (+2%)	870 081	885 280
Decrease in interest rate by 200 basis point (-2%)	(870 081)	(885 280)

Interest rate movement affects reported income by causing an increase or decrease in net interest income and fair value changes.

Capital management
The strategy for assessing and managing the impact of our business plans on present and future regulatory capital forms an integral part of the Bank’s strategic plan. Specifically, the Bank considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Bank's assessment and against the supervisory/regulatory capital requirements taking account of the Bank business strategy and value creation to all its stakeholders.

NOTES TO THE FINANCIAL STATEMENTS - continued

Capital adequacy
The Capital Adequacy Ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, the regulatory capital of a national Microfinance Bank is ₦5 billion, while a minimum ratio of 10% is to be maintained.

(i) The Bank strives to maintain a Capital Adequacy Ratio above the regulatory minimum of 10%. Capital levels are determined either based on internal assessments or regulatory requirements.
(ii) The capital adequacy of the Bank is reviewed regularly to meet regulatory requirements and standard of international best practices in order to adopt and implement the decisions necessary to maintain the capital at a level that ensures the realization of the business plan with a certain safety margin.
(iii) The Bank undertakes a regular monitoring of capital adequacy. The Bank has consistently met and surpassed the minimum capital adequacy requirements applicable in all areas of

(iv) The Bank’s capital plan is linked to its business expansion strategy which anticipates the need for growth and expansion in its branch network and IT infrastructure. The capital plan sufficiently meets regulatory requirements as well as providing adequate cover for the Bank’s risk profile. The Bank's capital adequacy remains strong and the capacity to generate and retain

In thousands of naira	**Note**	**31-Dec-25**	**31-Dec-24**
Tier 1 capital			
Ordinary share capital	26	2 996 477	2 996 477
Share premium	27(a)	4 166 786	4 166 786
Retained earnings	27(b)	3 593 081	2 312 835
Fair value reserve	27(c)	(12 916)	(13 147)
Statutory reserves	27(d)	3 108 727	2 382 331
		13 852 155	11 845 282
Less: regulatory deduction			
Intangible assets	22	(228 806)	(1 003)
Eligible Tier 1 capital		13 623 349	11 844 279
Total regulatory capital		13 623 349	11 844 279
Risk-weighted assets		**46 143 274**	**32 601 384**
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		**30%**	**36%**
Total tier 1 capital as a percentage of total risk-weighted assets		**30%**	**36%**

Interest bearing instruments	**31-Dec-25**	**31-Dec-24**
Money market placements	56 868	13 960 742
Treasury bills	2 889 847	3 383 007
Loans and receivables to customers	40 557 332	26 920 271
	43 504 047	44 264 020
Interest earned		
Cash and cash equivalents	1 701 789	1 308 301
Loans and receivables to customers	15 032 995	10 007 858
	16 734 784	11 316 159
Average Effective Interest Rate	**38%**	**26%**
Increase in interest rate by 200 basis points (+2%)	40%	28%
Decrease in interest rate by 200 basis point (-2%)	36%	24%

Computation of Risk Weighted Assets of On-balance Sheet Exposure (2025)

Exposure Details	**Gross Exposure before CRM**	**Credit Risk Mitigation (CRM)**	**Net Exposure after CRM**	**Risk Weight %**	**RWA**
Cash & cash equivalents	19 825 067	-	19 825 067	0	0
Pledged assets	2 040 500	-	2 040 500	20	408 100
Loan & advances to customers	38 852 652	-	38 852 652	100	38 852 652
Investment securities	3 454 043	-	3 454 043	100	3 454 043
Other assets	1 244 561	-	1 244 561	100	1 244 561
Property, plant & equipment	1 955 112	-	1 955 112	100	1 955 112
Intangible assets	228 806	-	228 806	100	228 806
	67 600 741				**46 143 274**

Computation of Risk Weighted Assets of On-balance Sheet Exposure (2024)

Exposure Details	**Gross Exposure before CRM**	**Credit Risk Mitigation (CRM)**	**Net Exposure after CRM**	**Risk Weight %**	**RWA**
Cash & cash equivalents	33 837 861	-	33 837 861	0	0
Pledged assets	2 735 460	-	2 735 460	20	547 092
Loan & advances to customers	25 528 160	-	25 528 160	100	25 528 160
Investment securities	3 884 703	-	3 884 703	100	3 884 703
Other assets	870 559	-	870 559	100	870 559
Property, plant & equipment	1 769 867	-	1 769 867	100	1 769 867
Intangible assets	1 003	-	1 003	100	1 003
	68 627 614				**32 601 384**

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

6 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Bank’s 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 estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 5(b)(i): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

- Notes 4(h)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 5(b)(i): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

- Note 31: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources. Accounting policies on contingencies is contained in note 4(s) of the financial statements.

These disclosures supplement the commentary on financial risk management (see note 5).

Key sources of estimation uncertainty

(a) Impairment of financial assets

IFRS 9 impairment requirements are based on an expected credit loss model (ECL). Key changes in the Bank's accounting policies for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

(b) Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Bank assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

The Bank's accounting policy on fair value measurement is discussed in Note 4(h)(vi).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- *Level 1* **:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- *Level 2 :* Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- *Level 3* :Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses observable market data to determine the fair value of its equity securities. Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy.

In thousands of naira	Note	Level 1	Level 2	Level 3	Total
31 December 2025					
ASSETS					
Equity investment	19	51 149	-	-	51 149
		51 149	-	-	51 149
31 December 2024					
ASSETS					
Equity investment	19	1 056	-	-	1 056
		1 056	-	-	1 056

There was no financial instrument measured in Level 3 of the fair value hierarchy, hence there is no table to show reconciliation of balance at the beginning to that at the end for fair value measurements in level 3 of the fair value hierarchy.

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FOR THE YEAR ENDED 31ST DECEMBER 2025

Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value and analysed by level in the value hierarchy into which each fair value measurement is categorised.

31 December 2025

In thousands of naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Cash and cash equivalents	16	114 873	19 760 543	-	19 760 543	19 825 067
Pledged assets	17	859 491	1 289 086	-	2 148 577	2 040 500
Loans and advances to customers	18	-	-	40 557 332	40 557 332	38 852 652
Investment securities at amortised cost	19	2 889 847	-	-	2 889 847	2 886 212
Other receivables	20	-	-	483 211	-	439 800
		3 864 211	21 049 629	41 040 543	65 356 299	64 044 231
LIABILITIES						
Deposits from customers	23	-	42 875 804	-	42 875 804	42 875 804
Other liabilities	25	-	-	5 909 490	5 909 490	5 909 490
Borrowings	24	-	3 079 480	-	3 079 480	3 079 480
		-	45 955 284	5 909 490	51 864 774	51 864 774

31 December 2024

In thousands of naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Cash and cash equivalents	16	112 183	33 741 952	-	33 854 135	33 837 861
Pledged assets*	17	696 600	2 146 937	-	2 843 537	2 735 460
Loans and advances to customers	18	-	-	27 149 199	27 149 199	25 528 160
Investment securities at amortised cost	19	3 383 007	-	-	3 383 007	3 366 537
Other receivables	20	-	-	772 279	772 279	679 572
		4 191 790	35 888 889	27 921 478	68 002 157	66 147 590
LIABILITIES						
Deposits from customers	23	-	42 059 255	-	42 059 255	42 059 255
Other liabilities*	25	-	-	3 939 140	3 939 140	13 007 329
Borrowings	24	-	572 483	-	572 483	572 483
		-	42 631 738	3 939 140	46 570 878	55 639 067

Cash and cash equivalents

Cash and cash equivalents are cash deposits in banks and short term deposits (placements) with financial institutions. The fair value of cash deposits and placements are deemed to different from the carrying value due to the accrued interest as at the reporting date.

Other receivables

The carrying amount of trade and other receivable is a reasonable approximation of their fair value, which is not materially sensitive to changes in market rate of return due to limited term to maturity of these instruments.

Loans and advances to customers

Where they are available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cashflow techniques. Input into the valuation techniques includes expected life credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

Deposits from customers

The fair value of deposits payable on demand is the amount payable at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

Other liabilities

Other liabilities consist of amount owed to non-trade related creditors. The carrying amount of other creditors is a reasonable approximation of their fair value, which is payable on demand.

(c) Determination of impairment of property and equipment, and other non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(c) Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Central Bank of Nigeria's (CBN) Amended Regulatory and Supervisory Guidelines for Microfinance Banks. This is at variance with the expected credit loss model required by 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.

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Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes accounted for in general reserves as follows:

- where Prudential provisions is greater than IFRS provisions: the excess provision resulting should be transferred from the retained reserve account to a non-distributable "regulatory risk reserve".
- where Prudential impairment 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 recognised.

(ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

NOTES TO THE FINANCIAL STATEMENTS - continued
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As at 31 December 2025, the Bank maintained a Regulatory Risk Reserve of ₦Nil (31 December 2024: ₦Nil). The Bank has complied with the CBN requirements of the Prudential Guidelines as follows:

Prudential adjustments for the year ended 31 December 2025

In thousands of naira	**Note**			**₦'000**
Impairment assessment under IFRS				
Loan and advances:				
Stage 1	18(d)			1 435 197
Stage 2	18(d)			3 593
Stage 3	18(d)			265 890
Total impairment allowances on loans (a)				**1 704 680**
Provision per CBN Prudential Guideline		**%**	**Gross Exposure**	**Total**
Specific provision:				
- Pass and watch		5	125 247	6 262
- Sub-standard		20	85 408	17 082
- Doubtful		50	50 733	25 367
- Lost		100	677 810	677 810
Total specific provision			939 198	726 520
Collective provision		1	38 956 106	389 561
Total regulatory impairment based on prudential guidelines (b)				**1 116 082**
Required balance in regulatory risk reserves (c = b - a)				**(588 598)**
Movement in regulatory risk reserves				
Balance, 1 January 2025				-
Transfer from regulatory risk reserves				-
Balance, 31 December 2025				**-**

Prudential adjustments for the year ended 31 December 2024

In thousands of naira	**Note**			**₦'000**
Impairment assessment under IFRS				
Loan and advances:				
Stage 1	18(d)			731 412
Stage 2	18(d)			4 175
Stage 3	18(d)			656 524
Total impairment allowances on loans (a)				**1 392 111**
Provision per CBN Prudential Guideline		**%**	**Gross Exposure**	**Total**
Specific provision:				
- Pass and watch		5	140 300	7 015
- Sub-standard		20	44 080	8 816
- Doubtful		50	32 502	16 251
- Lost		100	396 461	396 461
Total specific provision				428 543
Collective provision		1	14 277 350	142 774
Total regulatory impairment based on prudential guidelines (b)				**571 317**
Required balance in regulatory risk reserves (c = b - a)				**(820 794)**
Movement in regulatory risk reserves				
Balance, 1 January 2024				-
Transfer from regulatory risk reserves				-
Balance, 31 December 2024				**-**

The Bank's provision for total impairment on loans in line with the Revised Prudential Guidelines for the year ended 31st December 2025 was lower than the IFRS impairment charge as indicated above, hence, the transfer from regulatory risk reserve during the year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

7 Financial assets and financial liabilities

Accounting classification measurement basis and fair values

The table below sets out the carrying amounts classification and fair values of the Bank's financial assets and financial liabilities:

31 December 2025

In thousands of naira	Note	FVOCI - equity instruments	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	16	-	19 825 067	19 825 067	19 760 543
Pledged assets	17	-	2 040 500	2 040 500	2 148 577
Loans and advances to customers	18	-	38 852 652	38 852 652	40 557 332
Investment securities	19	51 149	2 886 212	2 937 361	2 940 996
Other assets	20	-	439 800	439 800	1 244 561
		51 149	**64 044 231**	**64 095 380**	**66 652 009**
Deposits from customers	23	-	42 875 804	42 875 804	42 875 804
Other liabilities	25	-	6 268 069	6 268 069	6 268 069
Borrowings	24	-	3 079 480	3 079 480	3 079 480
		-	**52 223 353**	**52 223 353**	**52 223 353**

31 December 2024

In thousands of naira	Note	FVOCI - equity instruments	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	16	-	33 837 861	33 837 861	33 854 135
Pledged assets	17	-	2 735 460	2 735 460	2 843 537
Loans and advances to customers	18	-	25 528 160	25 528 160	27 149 199
Investment securities	19	1 056	3 366 537	3 367 593	3 384 063
Other assets	20	-	679 572	679 572	870 559
		1 056	**66 147 590**	**66 148 646**	**68 101 493**
Deposits from customers	23	-	42 059 255	42 059 255	42 059 255
Other liabilities	25	-	13 225 612	13 225 612	13 225 612
Borrowings	24	-	572 483	572 483	572 483
		-	**55 857 350**	**55 857 350**	**55 857 350**

Financial instruments at fair value are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible, these models are used as the basis of observable market prices and rates including, for example, interest rate, yield curves, equities and prices.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

8 Interest income

In thousands of naira	31-Dec-2025	31-Dec-2024
Loans and advances	15 032 995	10 007 858
Government Securities	78 275	78 797
Treasury bills	582 812	266 156
Call accounts	1 118 977	1 042 145
Pledged assets	201 484	-
Money market placement	524 782	79 115.00
Total interest income calculated using the effective interest method	17 539 326	11 474 071

9 Interest expense

In thousands of naira	31-Dec-2025	31-Dec-2024
Term deposits	1 369 570	740 417
Current deposits	89 372	52 554
Savings deposits	30 995	54 574
Borrowings (see note 24(b))	121 362	232 972
Lease liabilities (see note 25(c))	32 392	20 144
Total interest expense	1 643 691	1 100 661

Total interest expense reported above relates to financial liabilities measured at amortised cost using the applicable effective interest rates.

10 Fees and commission income*

In thousands of naira	31-Dec-2025	31-Dec-2024
Credit-related fees and commission	1 080 045	843 383
Deposit-related fees and commission	740 881	621 530
	1 820 926	1 464 913

(i) Disagregation of fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of fees.

In thousands of naira	31-Dec-2025	31-Dec-2024
Loan management fee	442 612	251 157
Loan commitment fee	56	370 687
Insurance fee	578 127	192 031
Credit search fee	59 250	29 508
	1 080 045	843 383
Admin and management fee	399 421	261 248
Account maintenance fee	136 874	171 072
Service fees and charges (see (iii) below)***	204 586	189 210
	740 881	621 530
	1 820 926	1 464 913

Loan management fee relates to fees for loan processing and fee on overdraft facilities granted to customers.

Amount represents management fees earned on loans and advances to customers. The management fees on these

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

(ii) Performance obligation and revenue recognition policy

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

For the accounting policy for fees and commissions in the scope of IFRS 9, see note 4(b).

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The rates for the different class of accounts are set on an annual basis. Transaction-based fees for interchange and overdrafts are charged to the customer's account when the transaction takes place. Loan servicing fees are charged once when the transaction takes place.	Revenue from deposit related services are recognized overtime as the services are provided. Revenue from credit related services are recognized at a point in time when the transaction takes place.

(iii) Service fees and charges include fees on customer requests such as issuance of letter of indebtedness, charges on issuance of drafts, seals, stamps, reference letters and signature confirmation letters. These are recognized at the point in time when the transaction takes place.

11 Other income

In thousands of naira	31-Dec-2025	31-Dec-2024
Profit on disposal of property and equipment	5 228	9 010
Dividend income	666	245
	5 894	9 255

12 Impairment loss/(write-back) on financial instruments

In thousands of naira	31-Dec-2025	31-Dec-2024
Impairment loss on loans and advances to customers (see note 18(c))	537 438	(54 089)
Impairment loss/(write-back) on investment securities at amortised cost (see note 19(c)	(12 835)	16 390
Impairment loss on other assets (see note 20(d))	43 411	-
Impairment loss/(write back) on cash and cash equivalent (see note 16(b))	(26 532)	13 404
Impairment loss on pledged assets (see note 17(b))	-	87 593
	541 482	63 298

13 Personnel expenses

In thousands of naira	31-Dec-2025	31-Dec-2024
Wages and salaries	6 481 364	4 421 225
Post-employment benefits:		
Defined contribution plan - pension cost	192 133	145 357
National Social Insurance Trust Fund (NSITF)	20 948	-
Retirement benefit	27 418	-
	6 721 863	4 566 582

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

(a) The average number of persons employed during the year by category:

	31-Dec-2025	31-Dec-2024
Executive Directors	3	3
Management	91	70
Non-management	526	582
	620	655

The number of employees of the Bank, including executive directors, who received emoluments in the following ranges were:

	31-Dec-2025	31-Dec-2024
Less than N500,000	-	-
₦500,001 - ₦1,000,000	-	-
₦1,000,001 - ₦2,500,000	179	350
₦2,500,001 - ₦3,500,000	182	110
₦3,500,001 - ₦4,500,001	73	44
₦4,500,0001 - ₦5,500,000	36	25
₦5,500,001 and above	150	126
	620	**655**

(b) Director's emolument
The remuneration paid to the executive and non-executive directors of the Bank (excluding pension and certain allowances) was:

In thousands of naira	31-Dec-2025	31-Dec-2024
Directors' fees	50 000	50 000
Sitting allowances	95 500	99 300
Other Directors' expenses	402 763	415 285
Total non-executive Directors' remuneration (see note 14(a))	548 263	564 585
Executive compensation (see note 28(b)(i))	122 168	58 534
	670 431	623 119

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

14 Other operating expenses

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Repairs and maintenance cost	907 747	534 415
Vehicle and generator running cost	362 470	379 277
Office expenses	317 626	297 146
Computer expenses	1 346 737	884 637
Travel expenses	141 507	190 394
AGM expenses	25 365	50 977
Year-end expenses	311 319	353 468
Directors' remuneration	548 262	564 585
Bank charges	44 620	32 086
Marketing/publicity expenses	515 372	374 772
Professional fees	133 698	68 879
Subscription fees	10 487	13 270
Charges and levies	166 078	136 885
Insurance cost	118 503	83 177
NDIC premium	210 729	72 637
Electricity expenses	91 814	62 084
Recruitment expenses	3 119	58 507
Legal expenses	42 577	20 699
SMS alerts	55 829	60 859
Rent and rates	38 927	(1.00)
Audit fees *(see note (i) below)*	29 267	48 375
Corporate social responsibility	2 580	1 000
Donations	295	8 615
Loan recovery expenses	3 703	24
Fines/penalty	-	8 893
Stamp duties	60	126
Bad debts written off	-	983
Share listing expenses	2 800	5 561
Fraud, forgery and theft expense	520	160
Tax Expense	2 300	-
	5 434 311	4 312 490

(i) The auditors of the bank did not offer any service to the bank aside their statutory and regualtory mandate during the year. The auditors carried out their statutory related activities such as the assurance attestation on ICFR as required by the FRCN and NDIC deposit certification during the period.

15 Income taxes

	In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
(a)	**Amounts recognized in profit or loss**		
	Current tax expense		
	Company income tax	1 426 501	727 456
	Education tax	167 479	91 040
	National Information Technology Development Agency (NITDA) levy	43 548	24 375
	Nigeria Police Trust Fund (NPTF) levy	-	122
	National Agency for Science and Engineering Infrastructure (NASENI) levy	10 888	6 094
		1 648 416	849 087
	Deferred tax expense		
	Origination and reversal of temporary differences (see note (c))	(199 173)	14 175
	Tax expense	1 449 243	863 262
(b)	**Movement in current tax liabilities**		
	Balance at 1 January	858 343	676 470
	Income tax expense (see note (a) above)	1 648 416	849 087
	Tax paid	(849 090)	(667 214)
	Balance at 31 Dec	1 657 670	858 343

(c) Movement in deferred tax balances

31 December 2025

In thousands of naira	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
Property and equipment	308 932	(261 635)	-	**47 296**
Impairment allowance	(288 507)	(59 070)	-	**(347 577)**
Others	46 213	121 531	99	**167 843**
Deferred tax	**66 638**	(199 174)	99	**(132 437)**

31 December 2024

In thousands of naira	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
Property and equipment	235 908	73 024	-	**308 932**
Impairment allowance	(229 658)	(58 849)	-	**(288 507)**
Others	46 213	-		**46 213**
Deferred tax	52 463	14 175	-	**66 638**

Deferred tax

The Bank's deferred tax are attributable to the following:

	31-Dec-2025		31-Dec-2024	
In thousands of naira	Gross amount	Tax effect	Gross amount	Tax effect
Property and equipment	157 655	47 296	(163 760)	308 932
Impairment allowance	(1 022 285)	(347 577)	(223 727)	(288 507)
Others	493 696	167 843	42 501	46 213
	(370 934)	**(132 437)**	**(344 986)**	**66 638**

(d) Reconciliation of effective tax rate

In thousands of naira	31-Dec-2025		31-Dec-2024	
Profit before tax	%	**4 354 828**	%	**2 437 499**
Tax using the Bank's domestic tax rate	30	1 306 448	30	731 250
Permanent differences:				
Tax-exempt items	(3)	(112 654)	(0)	(10 381)
Non deductible expense	3	125 865	0	21 362
Statutory levies:				
Tertiary Education Tax	4	167 479	4	91 040
NITDA Levy	1	43 548	1	24 375
Nigeria Police Trust Fund (NPTF) levy	-	-	0	122
NASENI and other Levy	0	10 888	0	6 094
Recognition of previously unrecognized temporary differences	0		0	
Adjustment for prior period		(92 331)	- 0	(600)
	35	**1 449 243**	35	**863 262**

16 Cash and cash equivalents

In thousands of naira		31-Dec-2025	31-Dec-2024
(a)	Cash and cash equivalent comprise:		
	Cash on hand:		
	Cash on hand	114 873	112 183
	Held-to-maturity Treasury Bills*:		
	Treasury Bills (See note c)	-	60 607
		114 873	172 790
	Deposits with banks:		
	Current account balances with other banks	19 703 675	19 781 210
	Money market placements	56 868	13 960 742
	Cash and cash equivalents for cash flow purposes:	19 875 416	33 914 742
	Impairment allowance (see note (b))	(50 349)	(76 881)
	Cash and cash equivalents	19 825 067	33 837 861
(b)	Movement in impairment allowance:		
	Balance at 1 January	76 881	63 477
	Impairment loss (see note 12)	(26 532)	13 404
		50 349	76 881

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash-in-hand, deposits held at call with other banks, other short-term highly liquid investments with original maturities less than three months. The current balances with other banks also includes ATM working capital accounts and the suspense accounts used to manage settlement of ATM transactions with Sterling Bank to be refunded to the Head office by branches. For financial reporting purposes, the balances in the ATM related accounts were combined in order to have a net position.

(c) Certain treasury bills previously classified as cash equivalents have been reclassified to investment to better reflect their maturity profile in accordance with IAS 7

17 Pledged assets

Pledged assets, initially recognised at fair value and subsequently measured at amortised cost, represent placements and Treasury Bills with banks that serve as collateral for the Bank's borrowings, use of NIBSS platform and ATM transactions as analysed below:

In thousands of naira			31-Dec-2025	31-Dec-2024
Underlying transaction	***Counterparty***	***Asset description***		
DBN concessionary loan	Development Bank of Niger	Treasury Bills	859 491	696 600
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	-	0
NIBSS Platform	Zenith Bank Plc	Fixed placement	1 267 888	1 124 618
NIBSS Platform	Zenith Bank Plc	Fixed placement	-	1 002 319
ATM Transactions	Sterling Bank Plc	Call placement	21 198	20 000
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	-	-
			2 148 577	2 843 537
Impairment allowance (see note (b) below)			(108 077)	(108 077)
			2 040 500	2 735 460
Current			2 040 500	2 735 460
Non-current			-	-
			2 040 500	**2 735 460**

		31-Dec-2025	31-Dec-2024
(b)	Movement in impairment allowance:		
	Balance at 1 January	108 077	20 484
	Impairment loss (see note 12)	-	87 593
		108 077	108 077

18 Loans and advances to customers

In thousands of naira		31-Dec-2025	31-Dec-2024
(a)	Loans and advances to customers comprise:		
	Loan and advances to customers at amortised cost	38 852 652	25 528 160
		38 852 652	25 528 160
	Current	33 068 795	21 512 453
	Non-current	5 783 857	4 015 707
		38 852 652	25 528 160

(b) Loans and advances to customers at amortised cost:

In thousands of naira	31 December 2025 Gross Amount	ECL Allowance	Carrying Amount	31 December 2024 Gross Amount	ECL Allowance	Carrying Amount
Term loans	39 508 156	(1 660 582)	37 847 574	25 917 528	(1 138 249)	24 779 279
Overdrafts	1 049 176	(44 098)	1 005 078	1 002 743	(253 862)	748 881
	40 557 332	(1 704 680)	38 852 652	26 920 271	(1 392 111)	25 528 160

(c) Movement in loans and advances

	31 December 2025 Term loan	Overdraft	Total	31 December 2024 Term loan	Overdraft	Total
Balance at the beginning of the year	25 917 528	1 002 743	26 920 271	21 957 861	1 040 683	22 998 544
Additions/(derecognision) during the year	13 815 497	46 433	13 861 930	3 959 667	(37 940)	3 921 727
Writeoffs during the year	(224 869)		(224 869)	-	-	-
Balance at the end of the year	39 508 156	1 049 176	40 557 332	25 917 528	1 002 743	26 920 271

(d)

In thousands of naira	31 Dec 2025 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2024 12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at the beginning of the yea	731 412	4 175	656 524	1 392 111	568 931	17 467	859 802	1 446 200
Additional allowance during the year (see note 12)	703 785	(582)	(165 764)	537 439	162 481	(13 292)	(203 278)	(54 089)
Writeoffs during the year			(224 870)	(224 870)	-	-	-	-
Balance at the end of the year	1 435 197	3 593	265 890	1 704 680	731 412	4 175	656 524	1 392 111

19 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

	31-Dec-2025	31-Dec-2024
Equity securities:		
Listed equities	51 149	1 056
Unlisted equities	-	-
	51 149	1 056

The Bank has designated these equity investment securities at FVTOCI. They are held to be disposed off in the nearest future. The balance in unlisted equity investments have been fully impaired during the year ended 31 December 2025 (31 December 2024: Impaired), and there were no transfers to profit or loss account of any cumulative gain or loss within equity relating to these investments (31 December 2024: nil). The change in fair value on these investments were as follows:

	31-Dec-2025	31-Dec-2024
Balance at beginning of the year		
Listed equities	1 056	1 056
Unlisted equities	-	-
Changes during the year		
Listed equities		
Addition	49 763	-
Fair value gain/(loss)	330	-
Subtotal Listed Equities	50 093	
Unlisted Equities		
Unlisted equities	22 499	22 499
Fair value gain/(loss)	(22 499)	(22 499)
Subtotal Listed Equities	-	-
Balance at end of the year		
Listed equities	51 149	1 056
Unlisted equities	-	-
	51 149	1 056

(b)	**Investment securities at amortised cost**		
	Treasury bills	2 889 847	3 383 007
	ECL impairment	(3 635)	(16 470)
		2 886 212	3 366 537
	Government Bond	516 682	517 110
	Total investment securities	3 454 043	3 884 703
	Current	2 937 361	3 367 593
	Non-current	516 682	517 110
		3 454 043	3 884 703

(c)	**Movement in impairment allowance**		
	Balance at the begining of the year	16 470	80
	Impairment loss/(writeback) during the year (see note 12)	(12 835)	16 390
	Balance at the end of the period	3 635	16 470

20 Other assets

In thousands of naira	31-Dec-2025	31-Dec-2024
Other financial assets:		
Other receivables (see note (c) below)	483 211	772 279
Impairment allowance (see note (d) below)	(43 411)	(92 707)
	439 800	679 572
Non financial assets:		
Prepayments (see note (a) below)	242 951	72 120
Inventories (see note (b) below)	561 809	118 867
	804 760	190 987
	1 244 561	870 559
Current	1 132 542	870 559
Non-current	112 018	-
	1 244 561	870 559

(a) Prepayments comprise the following:

	31-Dec-2025	31-Dec-2024
Prepaid insurance	42 963	42 825
Prepaid staff benefits	112 018	-
Other prepaid expense (see note (i) below)	87 971	29 295
	242 953	72 120

(i)	*Other prepaid expense comprise:*		
	Prepayment of computer maintenance cost	28 434	22 629
	Prepayment of SMS and USSD cost	59 537	6 666
		87 971	29 295

(b) Inventories comprise stock of debit cards, stock of credit cards, stock of cheques, books/journals, stock of office stationeries, stock of micr cheques and non micr cheques, assets under construction, deferred share issue cost.

In thousands of naira	31-Dec-2025	31-Dec-2024
Stock (see note (i) below)	111 103	129 724
Assets Work in Progress	450 706	(10 857)
Deferred share issue cost	-	-
	561 809	118 867

(i)	*The amount in stock comprise:*	31-Dec-2025	31-Dec-2024
	Stock of cheques	-	396
	Stock of office stationeries	24 543	15 401
	Stock of micr cheques	26 104	26 108
	Stock of non-micr cheques	28 269	35 466
	Stock of ATM cards	18 599	4 787
	Stock of credit cards	3 591	35 081
	Stock of adhesive stamps	9 997	12 485
		111 103	129 724

(c) Other receivables includes staff cash advances and sundry debtors.

(d) Movement in impairment allowances:

In thousands of naira	31-Dec-2025	31-Dec-2024
Balance at the begining of the year	92 707	92 707
Impairment loss during the year	43 411	-
Less write off	(92 707)	
Balance at the end of the year	43 411	92 707

21 Property and Equipment

In thousands of naira

	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Fittings	Motor Vehicles	Computer Equipment	Office Equipment	Motor Cycle	Total
Cost:									
Balance as at 1 January 2024	510 775	52 118	395 322	247 415	821 613	726 845	461 004	-	3 215 091
Additions during the year	-	-	29 305	30 977	370 746	165 056	102 184	-	698 268
Disposals	-	-	(12 691)	(1 173)	(89 124)	(6 976)	(27 524)	-	(137 487)
Write-off	-	-	-	(727)	-	(670)	-	-	(1 397)
Balance at 31 December 2024	510 775	52 118	411 936	276 492	1 103 235	884 255	535 664	-	3 774 475
Balance as at 1 January 2025	510 775	52 118	411 936	276 492	1 103 235	884 255	535 664	-	3 774 475
Additions during the year	5 336	-	82 010	70 300	71 301	357 190	201 238	1 325	788 700
Disposals	-	-	(900)	(928)	(65 065)	(5 867)	-	-	(72 760)
Write-off	-	-	-	-	-	-	(1 231)	-	(1 231)
Balance at 31 Dec 2025	516 111	52 118	493 046	345 864	1 109 471	1 235 578	735 671	1 325	4 489 184
Accumulated Depreciation:									
Balance as at 1 January 2024	82 110	-	204 225	135 460	527 147	450 695	284 192	-	1 683 829
Charge for the year	10 355	-	63 644	36 221	136 781	149 752	69 912	-	466 665
Disposals	-	-	0	(1 173)	(89 124)	(6 976)	(27 524)	-	(124 796)
Write-off	-	-	(19 693)	(727)	-	(670)	-	-	(21 089)
Balance at 31 December 2024	92 465	-	248 176	169 781	574 804	592 801	326 580	-	2 004 607
Balance as at 1 January 2025	92 465	-	248 176	169 781	574 804	592 801	326 580	-	2 004 607
Charge for the year	9 804	-	58 229	42 185	202 860	217 565	85 340	248	616 231
Disposals	-	-	(27 527)	(928)	(65 065)	(2 872)	-	-	(96 392)
Write-off	(1 603)	-	-	(196)	4 074	3 982	3 369	-	9 626
Balance at 31 Dec 2025	100 666	-	278 878	210 842	716 673	811 476	415 289	248	2 534 072
Carrying amount as at 1 January 20	428 665	52 118	191 097	111 955	294 466	276 150	176 812	3 215 091	-
Carrying amount: 31 December 202	418 310	52 118	163 760	106 711	528 432	291 455	209 084	-	1 769 867
Carrying amount: 31 December 202	415 445	52 118	214 169	135 022	392 798	424 102	320 382	1 077	1 955 112

- There was no impairment loss recognized on any class of property and equipment during the year (31 December 2024: Nil).
- There were no property and equipment pledged as securities for liabilities (31 December 2024: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2024: Nil).
- On 1 January 2019, following the adoption of IFRS 16, the Bank recognises right-of-use assets for leases of branch premises and has presented right-of-use assets within 'property and equipment' – i.e. the same line item in which it presents underlying assets of the same nature that it owns.

22 Intangible asset

In thousands of naira	31-Dec-2025	31-Dec-2024
Computer software		
Cost:		
Balance at beginning of the year	96 062	96 062
Addition during the year	281 544	-
Balance at end of the year	377 606	96 062
Accumulated Amortisation:		
Balance at start of the year	95 059	94 015
Charge for the year	53 740	1 044
Balance at end of the year	148 800	95 059
Carrying amount at end of the year	228 806	1 003

- All intangible assets are non current. Intangible assets of the Bank have finite useful life and are amortised over 3 years.
- The Bank does not have internally generated intangible assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

23 Deposits from customers

In thousands of naira	31-Dec-2025	31-Dec-2024
Current deposits	24 270 387	27 119 227
Savings deposits	8 109 279	6 917 061
Term deposits	10 109 728	5 575 006
Sundry deposits	386 410	2 447 961
	42 875 804	**42 059 255**

24 Borrowings

	In thousands of naira	31-Dec-2025	31-Dec-2024
(a)	Borrowings comprise:		
	DBN concessionary loan (see note (i) below)	3 079 480	572 483
		3 079 480	572 483

(i) The Bank obtained the following Development Bank of Nigeria (DBN) loans for on-lending to micro, small and medium enterprises to grow their businesses.

Date facility was obtained	Amount (₦'million)	Outstanding Amount (₦'million) 31-Dec-2025	Outstanding Amount (₦'million) 31-Dec-2024	Rate (%)	Tenor
30 October 2025	1 000	1 000	385	23.50	24 Months
6 November 2025	1 000	1 000	0	23.50	24 Months
25 November 2025	1 000	1 000	0	23.50	24 Months
	3 000	**3 000**	**385**		

The Bank has not had any defaults of principal or interest or other breaches with respect to the loan facilities as at 31 Dec 20

(b) The movement in borrowings during the year was as follows:

In thousands of naira	31-Dec-2025	31-Dec-2024
Balance at 1 January	572 483	2 065 019
Additions during the year	**3 000 000**	-
Interest accrued during the year (see note 9)	121 362	259 960
Interest paid during the year	(34 865)	(252 496)
Principal repayment during the year	(579 500)	(1 500 000)
Balance at 31 December	3 079 480	572 483
Total repayment of borrowings (for cashflow	(614 365)	(1 752 496)

25 Other liabilities

In thousands of naira	31-Dec-2025	31-Dec-2024
Financial liabilities:		
Accounts payable	8 082	5 845
Productivity bonus (see note (a))	962 256	902 116
Sundry creditors (see note (b))	278 815	241 844
Accruals	294 281	341 721
Settlement accounts (see note (c))	2 752 930	10 980 290
Other payables	1 612 343	534 342
Unearned income	783	783
Deposit for shares	-	388
	5 909 490	13 007 329
Lease liability (see note (d))	225 363	122 262
Non-financial liabilities:		
Withholding tax payable	93 635	78 532
VAT payable	39 581	17 489
	6 268 069	13 225 612
Current	6 242 742	13 226 084
Non-current	125 345	60 895
	6 268 069	13 225 612

(a) This amounts represents accrual made at the end of the year for payment of productivity bonus to employees of the Bank. It is linked to the performance of the Bank.

(b) This amount represents provisions and unpaid services for one-off customers as at year end.

(c) These amounts comprise the transactions of the Bank's customers performed through the various e-channels but were yet to be settled as at year end.

(d)(i) The movement in lease liabilities during the year is as follows:

In thousands of naira	31-Dec-2025	31-Dec-2024
Balance at 1 January	122 263	140 033
Addition to lease liabilities	180 585	23 453
Interest expense on lease liabilities (see note 9)	32 392	20 144
Gain on derecognition of lease liability (see note 11)	-	-
Interest payment	(9 859)	
Principal payment	(100 018)	(61 367)
	225 363	122 263
Maturity analysis- contractual undiscounted cashflows		
Less than one year	73 117	38 210
Between one and five years	212 158	84 053
Total	285 275	122 263

ii **Amounts recognised in profit or loss**

In thousands of naira	31-Dec-2025	31-Dec-2024
Interest expense on lease liabilities (see note 9)	32 392	20 144
Expense relating to short term leases (see note 14)	38 927	-

iii Amounts recognised in statement of cashflows

In thousands of naira	31-Dec-2025	31-Dec-2024
Interest payment on lease liability	(9 859)	-
Principal payment on lease liability	(100 018)	(61 367)
Total cash outflow for leases	(109 877)	(61 367)

iv Extension options

Some property leases contain extension options exerciseable by the Bank up to one year before the end of the non-cancellable contract period. Where applicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exerciseable only by the Bank and not by the lessors. The Bank assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Bank has recognised additional lease liabilities of ₦225 million during the year (31 December 2024: ₦122 million) with respect to leases in which the Bank is reasonably certain to exercise its extension option.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

26 Share capital

	31-Dec-2025	31-Dec-2024
Authorised:		
6,000,000,000 units of ordinary shares of 50 kobo each	**3 000 000**	**3 000 000**
Issued and fully paid:		
5,992,954,557 units of ordinary shares of 50 kobo each	**2 996 477**	**2 996 477**

The movement in share capital is as shown below:

Balance at the beginning of the year	2 996 477	2 996 477
Recapitalisation during the year	-	-
Balance	**2 996 477**	**2 996 477**

27 Share premium and reserves

The nature and purpose of the share premium and reserve accounts in equity are as follows:

(a) Share premium

The share premium warehouses the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

The movement in share premium during the year was as follows:

In thousands of naira	31-Dec-2025	31-Dec-2024
Balance, begininig of the year	4 166 786	4 166 786
Addition to share premium during the year	-	-
Balance at year end	4 166 786	4 166 786

(b) Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

(c) Fair value reserve

Fair value reserve comprise the cumulative net change in the fair value of equity securities designated at fair value through other

(d) Statutory reserve

The Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.8.1.7 of the Amended Regulatory and Supervisory Guidelines for Microfinance Banks issued by the Central Bank of Nigeria (CBN), an appropriation of 50% of profit after tax is made if the statutory reserve is less than 50% of its paid-up share capital, 25% of profit after tax if the statutory reserve is greater than 50% but less than 100% of its paid-up share capital and 12.5% of profit after tax if the statutory reserve is greater than the paid up

In line with the CBN requirement, the Bank transferred 25% of its profit after tax to statutory reserves as at year-end .

In thousands of naira	31-Dec-2025	31-Dec-2024
Balance, begininig of the year	2 382 331	1 988 772
Transfer to statutory reserve during the year	726 396	393 559
Balance at year end	3 108 727	2 382 331

(e) Regulatory risk reserve

The regulatory risk reserve warehouses the excess of the impairment allowance on loans and advances computed based on the Central Bank of Nigeria prudential guidelines over that computed based on the expected credit loss (ECL) model under IFRS. For better presentation, the regulatory risk reserve was reclassified from retained earnings on the statement of changes in equity.

28 Related party transactions

(a) Parent and ultimate controlling party

As at the year ended 31 December 2025, the Nigeria Police Co-operative Society Limited owns the majority of the Banks shares. As a result, the parent and ultimate controlling party of the Bank is the Nigeria Police Co-operative Society Limited. The Bank does not have a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025

(b) Transactions with key management personnel

Key management personnel is defined as the Bank's executive and non-executive directors, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank.

(i) Key management compensation for the year comprised:

In thousands of naira	**31-Jan-2025**	**31-Dec-2024**
Salaries and other short-term benefits (see note 13(b))	122 168	58 534
Retirement benefits	-	-
	122 168	**58 534**

(ii) Loans and advances

In addition to their salaries, the Bank also provides non-cash benefits to its executive directors. Loans to key management personnel include housing loans and other personal loans which are given under terms that are no more favourable than those given to other staff. The housing loans are secured by property of the respective borrowers. All other loans are unsecured and interest rates charged on the related parties are

The movement in the loans and receivables to key management personnel during the year was:

In thousands of naira	**31-Jan-2025**	**31-Dec-2024**
At start of the year	11 623	141 729
Granted during the year	13 750	-
Repayment during the year	(6 958)	(130 106)
At end of the year	18 415	11 623
Impairment	-	-
Interest earned	286	310

Other loans granted to key management personnel were performing as at 31 December 2025 (31 December 2024: Performing).

Loans and advances outstanding:

The amounts granted and their balances as at 31 December 2025 were as follows:

In thousands of naira

Name	***Relationship***	***Facility type***	***Amount granted***	***31 Dec. 2025***	***31 Dec. 2024***	***Status***	***Security***
Mr. Habeeb A. Yusuf	Managing Director	Housing loan	17 644	2 936	5 138	Performing	Secured
Mr. Habeeb A. Yusuf	Managing Director	Personal Loan	7 400	6 475	748	Performing	Secured
Mr. John Tizhe	Executive Director	Housing loan	16 227	3 712	5 737	Performing	Secured
Mrs. Olamide Akin-Balogun	Executive Director	Personal Loan	6 350	5 292	-	Performing	Secured
			47 621	**18 415**	**11 623**		

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

(iii) Deposits

(a) The following directors had deposits with the Bank as at the year ended:

In thousands of naira			31-Dec-2025	31-Dec-2024
Name	***Relationship***	***Type of deposit***		
Mr Damilola Adegbuyi	Chairman	Savings deposit	605	2
Mr Habeeb Amuda Yusuf	Managing Director	Current deposit	3 613	867
Mr Habeeb Amuda Yusuf	Managing Director	Savings deposit	5 866	7 892
Mr Habeeb Amuda Yusuf	Managing Director	OTSA Deposit	7 859	1 569
Mr John Kwabe Tizhe	Executive Director	Current deposit	4 634	101
Mr John Kwabe Tizhe	Executive Director	Savings deposit	-	282
Mr John Kwabe Tizhe	Executive Director	OTSA Deposit	63	-
Mr John Kwabe Tizhe	Executive Director	Term deposit	-	10 143
Mrs Olamide Akin-Balogun	Executive Director	Current deposit	8 253	9 307
Mr Oyediran Oyeyemi	Non-Executive	Savings deposit	22 127	7 354
Mr Said Fagge	Non-Executive	Savings deposit	23	(3)
Mrs Ameh Lydia	Non-Executive	Current deposit	-	9 689
Mrs Ameh Lydia	Non-Executive	Savings deposit	520	512
Mrs Ameh Lydia	Non-Executive	Term deposit	20 666	-
Mr Idrisu Dabban Dauda	Non-Executive	Current deposit	3 437	7
Mr Idrisu Dabban Dauda	Non-Executive	Savings deposit	1	896
Mr Mutalib Atanda Akinlade	Non-Executive	Current deposit	98	22
Mr Mutalib Atanda Akinlade	Non-Executive	Term Deposit	20 663	10 089
Mr Aduojo Friday Abah	Non-Executive	Current deposit	6 544	7 025
Barr. Felix Sunday Chukwurah	Non-Executive	Current deposit	31 526	7 887
			136 498	73 641

(c) Deposits of other related parties

Included in deposits is an amount of ₦2.6 billion (31 December 2024: ₦720 million), representing deposits from major shareholders. The balances as at 31 December 2025 were as follows:

In thousands of naira

Name of company/individual	***Relationship***	***Type of deposit***	**31-Dec-2025**	**31-Dec-2024**
NPF Cooperative Society Limited	Major shareholder	Current deposit	426 873	44 120
NPF Cooperative Society Limited	Major shareholder	Term deposit	1 045 981	633 617
NPF Welfare Insurance Scheme	Major shareholder	Term deposit	1 163 000	3 506
NPF Welfare Insurance Scheme	Major shareholder	Current deposit	7 824	39 348
			2 643 678	**720 592**

29 Compliance with banking and other regulations

During the year ended 31 December 2025, the Bank did not pay any penalty (31 December 2024: ₦3,504,000.00).

Penalty paid during the year ended 31 December 2024 are as follows:

In thousands of naira	₦
Penalty in favour of Securities & Exchange Commission (SEC) for late submission of year 2022 audited financial statements	1 500
Penalty in favour of Corporate Affairs Commission (CAC) for late filing of August 2023 Fourteenth Schedule	2 004
	3 504

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

30 Events after the reporting period

There were no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2025 or the profit for the year then ended on that date, that have not been adequately provided for or

31 Contingencies

Litigation and claims
The Bank in its ordinary course of business was involved in a total of 7 cases as at 31 December 2025 (31 December 2024: 16) as a co-defendant. 16 cases are garnishee proceedings of which four (4) of these cases are in Appeal courts after judgements have been delivered against the judgement debtor (31 December 2024: Three (3)). The Directors are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any other pending and/or threatened claims or litigations which may be material to the financial statements. However, the total amount that may be claimed against the Bank is estimated at ₦2.071 billion (31 December 2023: ₦1.833 billion).

32 Earnings per share

The Bank presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share

	31-Dec-2025	**31-Dec-2024**
Net profit attributable to shareholders (in thousands of naira)	2 905 585	1 574 237
Number of shares in issue (in thousands)	5 992 954	5 992 954
Weighted average number of shares in issue (in thousands)	5 992 954	5 992 954
Basic earnings per share (kobo)	48	26

33 Dividend per share

	31-Dec-2025	**31-Dec-2024**
Dividend proposed	599 295	898 944
Number of shares issued and ranking for dividend	5 992 954	5 992 954
Proposed dividend per share (kobo)	10	15
Final dividend per share proposed	10	15
Dividend paid during the year	898 943	719 155
Total dividend paid during the year	898 943	719 155
Dividend paid per (kobo)	15	12

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act of Nigeria (CAMA), 2020, has proposed a final dividend of 20 kobo per share (31 December 2024: final; 15 kobo) from the retained earnings account as at 31 December 2025. This is subject to approval by shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2025 and 31 December 2024 respectively.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

34 Statement of cash flows notes

(a)(i) Proceeds from disposal of property and equipment

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Cost of property and equipment disposed during the year (see note 21)	73 991	124 796
Accumulated depreciation on property and equipment disposed (see note 21)	(58 901)	(124 796)
Net book value of property and equipment disposed	15 090	-
Profit on sales of property and equipment (see note 11)	5 228	9 010
Proceeds from disposal of property and equipment	20 318	9 010

(ii) Acquisition of PPE

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
PPE additions during the year (see note 21)	788 700	698 268
Less ROU assets additions (see note 21)	(82 010)	(29 305)
	706 689	668 963

(b) Changes in pledged asset (see note 17)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at the begining of the year	(2 843 537)	(1 909 826)
Balance at the end of the year	2 148 577	2 843 537
	(694 960)	933 711
Interest receivable (see note (h))	(506 447)	(150 212)
	(1 201 407)	783 499

(c) Loans and advances to customers (see note 18)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	26 920 271	22 998 544
Balance at year end	40 557 332	26 920 271
Write off on impairment	(224 870)	
	13 861 931	3 921 727
Interest receivable (see note (h))	(705 711)	(473 221)
	13 156 220	3 448 506

(d) Changes in other assets (see note 20)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	(963 266)	(1 090 891)
Balance at year end	1 331 383	963 266
Write back of ECL on other assets	92 707	
	460 824	(127 625)

(e) Changes in deposit from customers (see note 23)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	(42 059 255)	(26 939 651)
Balance at year end	(42 875 804)	(42 059 255)
	(816 549)	(15 119 604)
Interest payable (see note (i))	181 792	14 406
	(634 757)	(15 105 198)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

(f) Other liabilities (see note 25)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	(13 225 612)	(4 166 778)
Balance at year end	(6 268 069)	(13 225 612)
VAT Paid	51 260	
	(6 906 283)	(9 058 834)
Lease liabilities at beginning of the year	(122 262)	(140 033)
Lease liabilities at at year end	225 363	122 262
	(6 803 182)	(9 076 605)

(g) Investment securities at amortised cost (see note 19)

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	3 884 703	1 369 263
Movement	(430 660)	2 515 440
Balance at year end	3 454 043	3 884 703
Explained by:		
Fair value loss	-	-
Purchase of investments securities	(11 500 000)	(7 226 057)
Purchase of Listed instrument at FVOCI	(49 763)	
Redemption of investments securities	12 654 675	6 034 899
Fair value gain on Listed instruments at FVOCI	(330)	
Gain on disposal of treasury bill investments (see not 11)	-	-
Interest income (see note 7)	(661 087)	(266 156)
	430 660	(2 515 440)

(h) Interest received

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Interest income (see note 8)	17 539 326	11 474 071
Interest receivable on loans - prior year (see note 35(c))	473 221	313 473
Interest receivable on pledged assets - prior year (see note 35(b))	150 212	5 899
Interest receivable on treasury bills - prior year	18 413	2 004
Interest receivable on loans (see note 35(c))	(705 711)	(473 221)
Interest receivable on pledged assets	(506 447)	(150 212)
Interest receivable on treasury bills	(90 776)	(18 413)
Interest received	16 878 238	11 153 601

(i) Interest paid

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Interest expense on liabilities (see note 9)	(1 643 691)	(1 100 661)
Interest payable on deposit - prior year (see note 35(e))	(14 406)	(13 242)
Interest payable on borrowings - prior year	(7 464)	(665 968)
Interest payable on deposits (see note 35(e))	181 792	14 406
Interest payable on borrowings	4 855	7 464
Lease interest paid (see note 25(d))	(9 859)	-
Lease interest payable (see note 9)	32 392	20 144
Interest paid	(1 456 381)	(1 737 857)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

(j) Right of use assets

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year (see note 21)	163 760	191 097
Payment for properties leased during the year	82 010	29 305
Disposals during the year	(900)	7 002
Depreciation (see note 21)	(58 229)	(63 644)
Balance at year end (see note 21)	214 169	163 760

(k) VAT paid

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Balance at beginning of the year	17 489	20 923
Addition	108 330	14 055
Payments	(51 260)	(17 489)
	39 581	17 489

35 Unclaimed dividends

Unclaimed dividends summed up to ₦296,671,268.99 as at 31 December 2024 (2024: ₦253,807,666). This amount is made up of ₦229,516,747.21 (2024: ₦229,500,689.97) invested in Stanbic IBTC Asset Management Limited's fixed income mutual funds and the sum of ₦67,154,521.78 (2024: ₦24,307,275.98) in CardinalStone Registrars Limited.

The investment balance of ₦229,516,747.21 (2024: ₦229,500,689.97) is analysed

In thousands of naira	**31-Dec-2025**	**31-Dec-2024**
Net investible balance 1 October - 31 December 2025	219 937	218 324
Net income earned	9 580	11 177
	229 517	**229 501**

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2025

37 **Provision for non - audit service**

Auditor's remuneration represents fees for the year audit of the Bank for the year ended 31 December 2025. The Bank also paid the auditors professional fees for non-audit services. These services, in the Bank's opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the period ended 31 December 2025 are stated below

Description of non audit services	**Name of Signer**	**FRC Number**	**Amount**	**Name of Firm :**
Nigeria Deposit Insurance Cooperation (NDIC)	Joshua Ojo	FRC/2013/ICAN/00000000785	3 000 000	Deloitte and Touche

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES:
VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

	31-Dec-2025		31-Dec-2024	
In Thousands of Naira	₦'000	%	₦'000	%
Gross earnings	19 366 146		12 948 239	
Net impairment loss on financial instruments	(541 482)		(63 298)	
	18 824 664		12 884 941	
Bought-in-materials and services - local	(5 434 311)		(4 312 490)	
Value added	**13 390 353**	**100**	**8 572 451**	**100**
Distribution of value added:				
To employees				
- As salaries and other benefits	6 721 863	50	4 566 582	53
To providers of finance				
- As interests	1 643 691	12	1 100 661	13
To the Government				
- As taxes	1 449 243	11	863 262	10
Retained in the business				
- Asset replacement (depreciation and amortisation)	669 971	5	467 709	5
- Profit to augment reserves	2 905 585	22	1 574 237	19
Value added	**13 390 353**	**100**	**8 572 451**	**100**

This statement represents the distribution of the wealth created with the Bank's assets through its own and its employees' efforts.

OTHER NATIONAL DISCLOSURES:
FINANCIAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2025

In thousands of naira	Note	31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and cash equivalents	16	19 825 067	33 837 861	17 487 783	6 499 404	6 610 039
Investment securities	19	3 454 043	3 884 703	1 869 183	1 228 981	1 004 954
Loans and advances to customers	18	38 852 652	25 528 160	21 552 344	23 498 147	17 447 816
Pledged assets	17	2 040 500	2 735 460	1 889 342	1 480 126	842 096
Other assets	20	1 244 560	870 559	558 619	413 758	5 010 232
Property and equipment	21	1 955 112	1 769 867	1 531 263	1 356 632	1 007 541
Intangible asset	22	228 806	1 003	2 047	18 617	44 667
Deferred tax asset	15(c)	132 437				
TOTAL ASSETS		**67 733 178**	**68 627 613**	**44 890 581**	**34 495 665**	**31 967 345**
LIABILITIES						
Deposits from customers	23	42 875 804	42 059 255	26 939 651	18 765 262	16 278 901
Current tax liabilities	15(b)	1 657 670	858 343	676 470	401 054	332 353
Other liabilities	25	6 268 069	13 225 612	4 166 778	2 213 595	6 845 666
Borrowings	24	3 079 480	572 483	2 065 020	2 413 159	2 708 090
Deferred tax liabilities	15(c)	-	66 638	52 462	124 730	71 370
TOTAL LIABILITIES		**53 881 023**	**56 782 331**	**33 900 381**	**23 917 800**	**26 236 380**
CAPITAL AND RESERVES						
Share capital	26	2 996 477	2 996 477	2 996 477	2 996 477	1 143 328
Share premium	27(a)	4 166 787	4 166 786	4 166 786	4 166 786	1 517 485
Retained earnings	27(b)	3 593 081	2 312 835	1 851 312	1 207 473	1 140 649
Fair value reserve	27(c)	(12 916)	(13 147)	(13 147)	(5 349)	(6 997)
Statutory reserve	26(d)	3 108 727	2 382 331	1 988 772	1 733 915	1 513 373
Regulatory risk reserve	26(e)	-	-	-	478 563	423 127
TOTAL EQUITY		**13 852 156**	**11 845 282**	**10 990 200**	**10 577 865**	**5 730 965**
TOTAL LIABILITIES AND EQUITY		**67 733 178**	**68 627 613**	**44 890 581**	**34 495 665**	**31 967 345**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021
Gross income		19 366 146	12 948 239	10 300 216	7 153 510	5 770 055
Profit before taxation		4 354 828	2 437 499	1 614 377	1 324 166	1 030 575
Profit after taxation		2 905 585	1 574 237	1 019 430	882 168	707 493
Dividend	33	898 943	719 155	599 295	539 366	457 332
Basic and diluted earnings per share (kobo)	32	48	26	17	15	31
Dividend per share (kobo)	33	15	12	12	10	20
Net assets per share (kobo)		231	198	182	177	251