

NEW THINKING.
NEW OPPORTUNITIES.



ANNUAL REPORT 2024



ANNUAL REPORT
2024



About this Report



A defining moment in NOVA's journey.

The year 2024 marked a significant turning point in the history of NOVA Bank, the year we transitioned from a successful merchant bank to a full-fledged commercial bank. This transition, long envisioned and carefully executed, reflects our commitment to unlocking greater value for individuals, SMEs, corporates, and the broader Nigerian economy.

This Annual Report reflects the evolution of our vision, the broadening of our mission, and the deepening of our impact. With this move, we are no longer just a financial partner to large institutions, but a bank for the people, providing accessible, innovative, and inclusive financial solutions to every Nigerian.

The transition was underpinned by our five-year strategic intent, Navigate 2028, which aims to position NOVA Bank as a systemically relevant institution.

We have also launched Project Rocket, a growth acceleration initiative focused on expanding our customer base, driving digital innovation, and building a strong retail and SME portfolio.

In line with our "Phygital" strategy, 2024 saw the launch of our mobile banking app, debit card products, and the most recently our USSD platform (*682#), designed to simplify banking for all. Each of these is a deliberate step toward deepening financial inclusion and improving convenience for our customers.

This report offers insights into the policies, performance, and purpose that have shaped our journey this year and sets the tone for what lies ahead.

The Transition is not just about change; it is about transformation for our people, our customers, and the Nigerian banking landscape.



Nova at A Glance

NOVA Bank is positioned to lead as Africa’s most preferred financial solutions provider driven by our philosophy of **New Thinking. New Opportunities.**

Building on our transformation from a merchant bank into a full-service commercial bank, we are redefining banking through digital efficiency, SME support, and exceptional customer service.

With a robust financial foundation and a commitment to sustainable growth, we are deepening our market penetration through a strategic blend of digital scale and physical presence — a model we call **PHYGITAL.**

At NOVA, our customers are always at the heart of everything we do and this is enshrined in our promise to our customers.

OUR Ratings



Our Corporate Philosophy

We believe in Africa's promise and possess a deep conviction that this will only be achieved with an appropriate blend of international best practices and a deep knowledge of the peculiarities of the African operating environment.



Vision for the future

To be Africa's preferred financial solutions provider is the culmination of this belief. We pride ourselves on our ability to work with our customers to co-create products and offer tailored solutions modeled on their need.



Mission Statement

Creating superior value in the markets we serve is our mission at NOVA. We are guided in the execution of our mission by our overarching philosophy of "New Thinking. New Opportunities."

Core Values



UPLIFT



Uniqueness

Discerning, Insightful, Distinctive



Passion

Drive, Enthusiastic, Customer focused



Leadership

Innovative, Connected, Result-oriented



Integrity

Ethical, Reliable and Trust-worthy



Fairness

Objective, Humble, Transparent



Teamwork

Collaborative, Supportive, Empathetic

Branches

18, Kofo Abayomi Street Victoria Island Lagos

43, Toyin Street, Ikeja, Lagos

Head Office

23, Kofo Abayomi Street Victoria Island Lagos



Our Value Proposition



Support for Business Growth (SMEs & Corporates)

Robust SME-focused offerings such as the NOVA Business Support for traders, health sector players, and general commerce.



Wealth Creation & Financial Empowerment

Strategic financial advisory and tailored investment solutions for HNIs and aspiring customers alike



Strong Financial Performance & Stability

Demonstrated consistent growth in PBT, total assets, and equity year-on-year.



Phygital Strategy (Physical + Digital Presence)

Blending digital scale with physical touchpoints to improve accessibility



Customer-Centric Digital Experience

Fast, secure, and reliable mobile banking app



CHAIRMAN'S SPEECH

Introduction

Distinguished Shareholders and Board of Directors, I am pleased to welcome you to the 8th Annual General Meeting (AGM) of NOVA Commercial Bank Limited and present details of our operating environment in addition to our financial performance for the year ended 31st of December 2024.

2024 IN RETROSPECT

Economic Conditions

The year 2024 was characterised by challenging economic climate which included adverse macroeconomic indices. The operating environment witnessed high interest rate, rising inflation and a weak currency. The monetary and fiscal authorities responded with various measures to tackle the effects of these inflationary and high-interest rate pressures. It was a year of tough operating environment for businesses, but we weathered the storm and delivered good performance for the FYE 2024. This attests to our resilience as an institution.

Political Environment

The country witnessed two off-cycle elections in Edo and Ondo states with a relatively stable and generally acceptable outcomes in those two states. The President relieved 6 ministers of their portfolio in his cabinet and re-assigned 10 others to other ministries from their previous portfolios. This is in response to perceived need to optimise performance in the cabinet. There were series of decentralised protests tagged "end-bad-governance" protest which was triggered by the high cost of living. The government was able to contain the protests before they escalated.

Banking Sector Recapitalisation

The Central Bank of Nigeria through a circular dated March 28, 2024, directed all Deposit Money Banks



Phillips Oduoza
Chairman

to recapitalise their operations. This is in line with the federal government's aspiration to drive Nigeria's GDP to \$1trillion by 2030. International Banks are to recapitalise to N500billion, National Banks to N200billion while Regional Banks are to recapitalise to N50billion. The deadline for all Banks to achieve the target is March 31, 2026. Nova Bank is on course to meet the recapitalization requirement for our category of licence as approved by shareholders.

High Inflationary Trend

The high cost of PMS price and Naira exchange rate became pressure points on inflation leading to high cost of living in Nigeria thereby reducing disposable income and aggregate demand in the economy. Figures released for December 2024 put inflation at 34.8% which is the highest figure for the past 30 years. Food component of the inflation figures reached 39.84%.

Global Conflict

The administration of President Trump of United States is providing strong leadership intervention to end the war between Russia and Ukraine and to also broker ceasefire between Israel and Hamas in Gaza. The world watches in anticipation hoping that deals will be struck to end these wars. The after effect of the war between Russia and Ukraine might last for decades but a peace deal will have immediate positive impact on global trade.

Commencement of Dangote Refinery and Port Harcourt Refinery

The much-anticipated Dangote Refinery commenced operation in the year 2024 with a major boost in local refining of petroleum products. This has provided stability in supply of products in the local market and may be the game changer for the perennial fuel scarcity in Nigeria. The commencement of operation at the refinery will also ensure reduction in pressure for FX to import petroleum products. In the same vein, the 60,000 barrel per day Port Harcourt Refinery commenced operation. The combined output from Port Harcourt refinery and Dangote Refinery will be a major positive contribution to energy security for Nigeria in 2025 and beyond.

Upward Trend of Foreign Reserve

The CBN has been able to change the trajectory of the foreign reserve position. The practice of using the reserve to defend the naira has been halted with the floating of the currency to achieve price discovery. The country closed the year with foreign reserve position of \$40.2billion as at December 2024. This provides adequate cover for imports for up to nine months. All outstanding foreign airline trapped funds were also cleared.

Infrastructure Gap and Insecurity

The country is battling with infrastructure deficit of significant gap that requires an annual spend of about 20% of its GDP on infrastructure over the next 20 years to close the gap. The Nigerian government must attract investments beyond budgetary spending to cover this gap.

The President and his team continued aggressive road shows to attract Foreign Direct Investments into the country. Insecurity remains a major concern across the nation and there is need for a well-articulated strategy to deal with it.

Challenging Operating Environment

In view of the challenging macroeconomic environment characterised by high interest rate, high inflation rate and FX liquidity challenges, a lot of businesses are redefining their strategies within the Nigerian business environment. We have witnessed a number of business combinations particularly in the oil and Gas sector with Seplat acquiring Mobil onshore assets in a \$1.2billion deal. Oando acquired Agip in a deal worth \$0.78billion and Shell FID on Bonga North Deep-Water Project in a deal worth \$5billion. These transactions signify pointer to potential positive uptick for investments in 2025 and beyond.

INDUSTRY DEVELOPMENT

Development of Digital Banks/Fintechs

The financial services landscape continues to witness interesting playbook from the Digital Banks and Fintechs who have continued to disrupt the competitive space in financial services sector. These new players have created a new set of values in the sector thereby taking significant market share from existing banks. Some of them have succeeded in creating new markets entirely for themselves. These players offer new set of opportunities for partnership and collaboration for value realisation.

Cybersecurity Threats

The growing threat of cyberattacks in the financial services sector cannot be overemphasised. A couple of institutions recorded incidents of varying proportion within the year 2024. This risk calls for greater collaboration and vigilance among stakeholders. Nova as an institution must continue to take proactive steps and to strengthen our cybersecurity strategy.

EVENTS WITHIN NOVA

Nova Secured Commercial Banking Licence

Nova Bank received approval from Central Bank of Nigeria (CBN) to commence Commercial Banking operation following a stringent application and approval process. This approval attests to the confidence reposed in Nova by the regulatory authority considering the process required to secure the license. The Bank commenced Commercial Banking Operation with the opening of its first branch office on July 16th 2024 at no 18, Kofo Abayomi Street, Victoria Island Lagos. Ikeja branch has also opened its doors to customers in Q1 of 2025. Apapa, Owerri, Port Harcourt and Abuja branches will be opened to customers before the end of Q3 2025.

Appointment of New Executives

The Bank appointed two new Executive Directors to drive the Bank's corporate objectives. Mrs Chinwe Iloghalu was appointed as ED Institutional and Commercial Banking and Dr. David Isiavwe was appointed as ED, Operation and Information Technology. Meanwhile Mr. Adebowale Oyedeji resigned his appointment as MD/CEO of the Bank in November to pursue other endeavours. Mrs. Chinwe Iloghalu has been appointed to fill the gap in acting capacity pending the appointment of a substantive MD/CEO.

Digital and Retail Footprint

As a Commercial Bank, our key strategy is to leverage our phygital franchise through mobile Banking application, Corporate Internet Banking and other digital channels with a combination of branches in strategic locations around the country to drive customer acquisitions. We will use this phygital strategy to deliver minimum of five million customers by the year 2028. We will consider agency banking partnership and networks, online banking applications and corporate collection platforms to drive our customers reach. Partnerships will be a major avenue to drive value proposition for our customers.

ISO27302 Cybersecurity Certification

NOVA Bank achieved a major milestone in its commitment to safeguarding customers' data and digital operations by attaining the globally recognized ISO 27032 Cybersecurity Standard certification. This significant achievement positions NOVA Bank among the elite financial institutions in Nigeria with such a distinction.

The ISO 27032 certification focuses on fortifying cybersecurity measures, ensuring robust protection for data, systems, and online transactions amid an ever-evolving cyber threat landscape.

Nova Bank Recapitalisation

Our recapitalization drive remains on course. In line with the recapitalization plan shared with our regulator, Nova Bank shareholders are fully committed to the recapitalisation of the Bank. We are working with reputable Issuing House, Financial Advisor and other partners to raise the required funds.

Our Ratings

During the year, the Bank was able to maintain its investment grade rating despite the challenging macroeconomic environment. Based on the Bank's strong position, Global Credit Rating (GCR) and Agosto & Co reaffirmed the Bank's risk rating of BBB with stable outlook while DataPro revalidated our "A" rating with stable outlook.

The reaffirmation of our Bank's ratings demonstrates the hard work and dedication of our team and efficiency of the governance structures put in place to ensure long-term sustainability of the Bank.

PERFORMANCE OVERVIEW

Financial Measure	FY 2023	FY 2024	YoY Mvt
Shareholders Fund (N'bn)	31.2	40.84	31%
Total Assets (N'bn)	327.45	373.51	14%
Gross Loans (N'bn)	103.86	97.05	-7%
Customer Deposits (N'bn)	161.8	157.74	-3%
NPL Ratio	1.10%	0.64%	-0.46%
Gross Earning (N'm)	30,973	44,607	44%
PBT (N'm)	3,665	11,427	212%
PAT (N'm)	3,031	8,230	171%
CIR (%)	55.40%	36.67%	-18.73%
Net Interest Income (N'm)	1,929	5,873	204%
Non-Interest Income (N'm)	6,704	12,288	83%
Return on Average equity (%)	10.46%	22.85%	12.39%
Earning Per Share (kobo)	19K	31K	12k
Return on Average Assets	1.00%	2.35%	1.35%

- Gross Earnings increased by 44% driven by significant improvement in the non-interest income riding on the bank maximising the opportunities arising from the transition into a full commercial bank.
- Net Interest income grew by 204% because of improved yield on earning assets and the deliberate effort to strategically reduce the high-cost deposits ratio which reduced significantly from 91% in 2023 to 70% in 2024.
- Cost to Income ratio reduced by 18.73pp to 36.67% despite the high inflation regime in the country. This is due to the implementation of strategic cost savings initiative while not compromising productivity and customer service.
- Total assets grew by 14% in the period, which is testament to growth in the bank's business, which will continue to help support the earning capacity of the bank.
- Despite the growth in assets, returns on Average Assets improved by 1.35pp to 2.35% because of the bank's operational efficiency.
- Return on average equity also grew from 12.64% in 2023 to 31.73%, also due to operational efficiency.
- NPL ratio improved from 1.10% in 2023 to 0.64% in 2024 because of the bank's enhanced risk management framework.

Sustainability & Corporate Social Responsibility

As part of its enduring commitment to social impact and sustainable development, NOVA Bank implemented several strategic initiatives in 2024, reflecting its Environmental, Social, and Governance (ESG) priorities:

1. Free Medical Outreach – Akwa Ibom State

In partnership with the Jennifer Etuh Foundation, Nnana Usoro Foundation, and Pro Health International, the Bank supported a five-day medical outreach at the General Hospital, Ibiaku Ntok Okpo, Ikono LGA, Akwa Ibom State (Dec 2–6, 2024).

This initiative addressed urgent healthcare needs and showcased NOVA's dedication to improving health outcomes in underserved communities.

2. Flood Relief Support – Jigawa and Borno States

Through the Committee of Banks, NOVA Bank contributed multi-million naira worth of relief materials to flood victims in Jigawa State. This intervention aided recovery efforts and reflected the Bank's commitment to community resilience in the face of climate-related disasters.

3. Women Empowerment in Sports – Sponsorship of Nkechi Arumona

Demonstrating support for gender inclusion and youth empowerment, NOVA sponsored professional golfer Nkechi Arumona to participate in the TELECEL 67th Asantehene Open Golf Championship in Ghana. This aligns with the UN SDGs 5 and 10 (Gender Equality & Reduced Inequalities) and promotes equity in sports representation.

4. Sponsorship of the IBB Presidential Library

As part of its ESG agenda, the Bank supported the IBB Presidential Library project, aimed at preserving Nigeria's political and military history. This sponsorship aligns with SDG 4 (Quality Education) and reinforces NOVA's commitment to civic education and nation-building.

Training and Development

The Board and management of the Bank understand the critical role of our staff in delivering the strategic objective of Nova Bank. During the year, the Board approved a wide range of training programs which cut across key layer in the Bank and includes generic, specialized and leadership courses as a way of equipping every staff for the role being played. We are also involved in continuous training and retraining of staff to ensure that highly qualified staff are equipped with the needed tools to boost customer satisfaction.

Journeying Into the Future as a Commercial Bank

It is with great pride and anticipation that we look forward to the future at NOVA, this transformative journey as a Commercial Bank has started reflecting in our results as depicted in our 2024 full year financials. As we continue to open our doors across different touch points to a broader customer base, encompassing both retail and SME markets, we will continue to deliver exceptional customer service to our customers.

To our valued shareholders, your unwavering support has been instrumental in our journey thus far. As we continue in this new chapter, we do so with confidence and optimism, knowing that we have a solid foundation, a clear roadmap for success and we continue to count on you for support.

The focus at NOVA Commercial Bank will continue to be on creating innovative solutions to achieve our clients' business objectives during various economic cycles and building a flexible, problem-solving team that can advance the organization's vision and mission.

Thank you

Phillips Oduoza.

There's an easier
way to bank!

Now Introducing



Dial *682# and Done!

Open a NOVA account in seconds!

Send money, Check your balance, Buy airtime **and More.**

Here is How to Activate USSD Banking – *682#

- **Step 1:** Dial *682# to begin
- **Step 2:** Reply 1 to "Proceed."
- **Step 3:** Reply 1 - Have an Account
- **Step 4:** Reply 2 - To register without your card
- **Step 5:** Input your digital channel transaction PIN
- **Step 6:** Create your 4 digit USSD transaction PIN
- **Step 7:** Dial *682# to enjoy easy banking.

Quick hacks for USSD Banking

S/N	TRANSACTION TYPE	SHORT CODES
1	Send money to Nova account	*682*1*account number*amount#
2	Send money to other Banks	*682*7* account number*amount#
3	Airtime for self	*682*amount#
4	Airtime for others	*682*phone number*amount#
5	Data for self	*682*2#
6	Data for Other	*682*2* phone number#
7	Account balance	*682*3#
8	View Mini Statement	*682*14#
9	Reset/Change PIN	*682*6#



NOVA YEAR IN
REVIEW



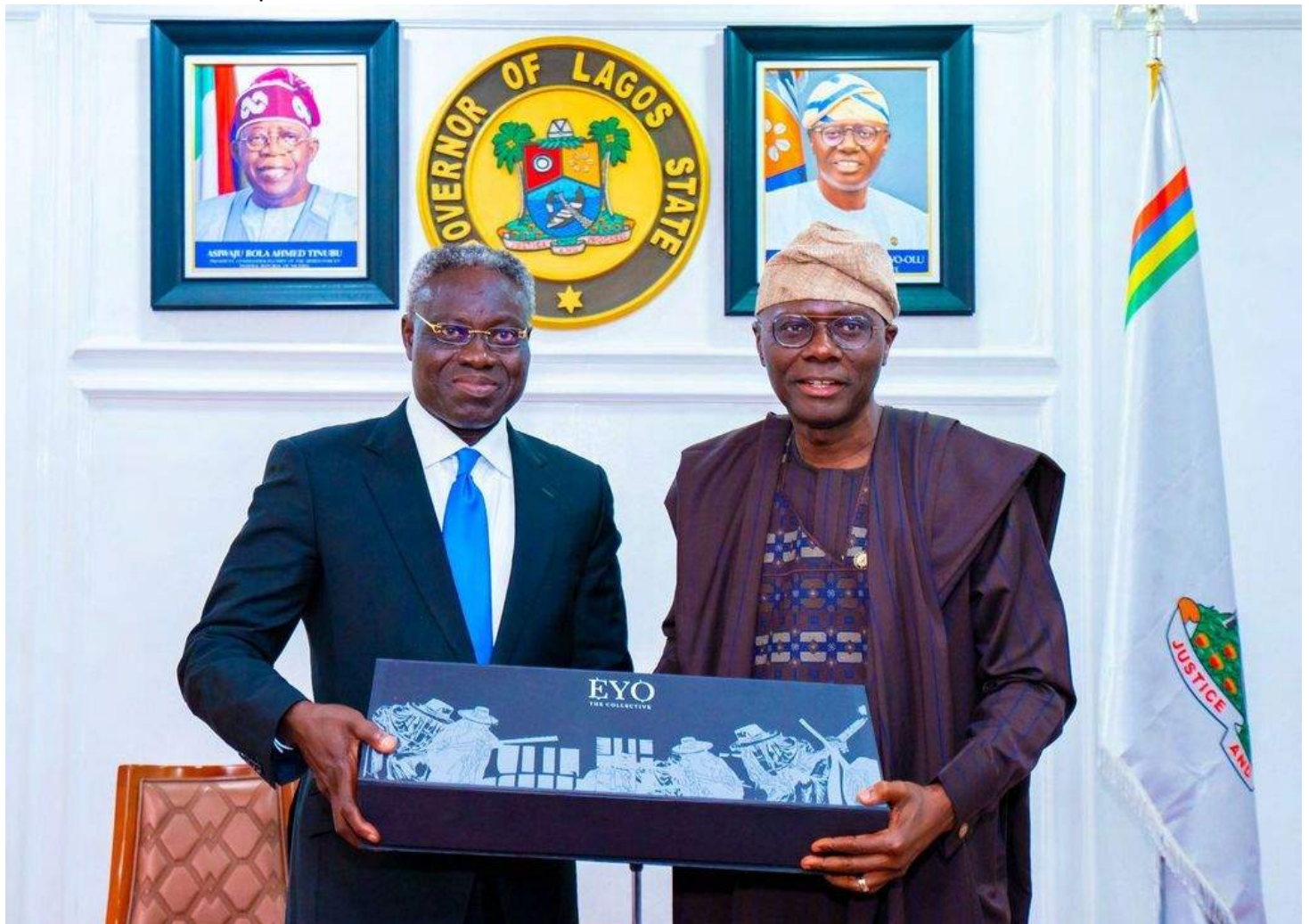
NOVA Bank Received **National Commercial Banking License**

On July 1, 2024, the Bank received license from the Central Bank of Nigeria (CBN) to operate as a National Commercial Bank. This monumental achievement marks a new chapter in NOVA's journey, following the successful fulfilment of all regulatory requirements set by the apex bank.

This transition represents more than just a change in licensing, it reflects our strategic intent to scale our operations and deliver

inclusive financial solutions to a broader spectrum of customers across Nigeria.

With this license, we are better positioned to deepen our market impact, support more businesses and individuals, and play a leading role in advancing financial inclusion and economic development across Nigeria.



NOVA Bank Launches First Commercial Branch



The Governor of Lagos State, Mr. Babajide Sanwo-Olu, commended NOVA Bank for the opening of its first commercial banking branch in Victoria Island, Lagos.

Speaking at the commissioning ceremony, the Governor praised NOVA for expanding beyond its merchant banking roots and committing additional resources to drive broader impact in the financial sector.

He also acknowledged the contributions of NOVA Bank's Chairman, Mr. Phillips Oduoza, for his past role on the Lagos State Security Trust Fund, noting improved security across the state as a testament to such leadership.

Governor Sanwo-Olu reaffirmed the government's support, adding that NOVA's talented team positions the bank to make lasting contributions to Lagos and Nigeria's economy.

Launch of the **Nova-Phygital** Mobile Banking App and **Debit Card**



As part of our strategic shift towards deepening retail engagement, the Bank successfully launched the first version (MVP1) of its Phygital Mobile Banking App on September 14, 2024. This marked a significant milestone in our digital transformation journey, offering customers a seamless and intuitive platform to manage their finances on the go.

Following the initial rollout, a series of targeted upgrades were introduced to enhance user experience, security, and functionality,

solidifying the app's role as a key enabler of our retail banking strategy.

In line with this digital expansion, we also launched the NOVA Debit Card shortly after the app's debut. This provided customers with even more flexible and convenient options for transacting, whether online, in-store, or at ATMs, aligning with our commitment to delivering a truly omnichannel banking experience.



Banking on Golfing Greatness

NOVA Bank Partners with the Nigeria Cup Golf Tournament to Champion Golfing Excellence

The Bank reaffirmed its commitment to the well-being and interests of high-net-worth individuals by sponsoring the 27th Nigeria Cup Golf Tournament. Hosted at the prestigious Ikoyi Golf Club 1938, the annual tournament for 2024 took place from, September 21st, to Saturday, September 28th, 2024.

As a long-term partner of the Nigeria Cup and the Ikoyi Club Golf Section, this annual event is always a delight for us at NOVA.

It provides a unique opportunity to engage with our esteemed customers and the broader community while celebrating the beautiful game of golf. For over four years, NOVA Bank has been a proud supporter of this tournament, a sponsorship that aligns with our dedication to fostering wealth creation and enhancing the well-being of our customers.

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highlights

Of

The Nigeria Cup





The Bank commenced the third edition of the NOVA Graduate Trainee Program on January 10, 2024. The program began with an intensive six-week Banking School, designed to equip participants with a strong foundation in core banking principles.

Following the classroom phase, the trainees proceeded to a rigorous nine-month on-the-job training across various departments of the bank, gaining practical experience and exposure to real-world banking operations.



NOVA Graduate Trainee Program, 2024

This structured learning journey has shaped 42 promising individuals into formidable professionals, well-positioned to drive the next wave of innovation and excellence in the Nigerian banking sector.

The 2024 cohort exemplifies NOVA's commitment to talent development, capacity building, and the future of banking.



NOGTP'24



Stronger Together: **Building Bonds Beyond the Desk**

At NOVA Bank, team bonding is paramount in fostering collaboration, synergy, and a healthy work culture. Throughout the year, we organized various activities to strengthen relationships, boost morale, and appreciate our people.

As part of our Customer Service Week celebration, we introduced a fun, engaging puzzle made up of staff names — a symbolic gesture of unity and recognition. Staff members were invited to find their names, sparking laughter, camaraderie, and a sense of belonging. These activities reflect our belief that a connected team delivers better, works smarter, and grows stronger — together.





The End-of-Year Toast to

Trust, Loyalty, & Shared Growth

As part of our commitment to deepening relationships and celebrating those who make our journey worthwhile, the Bank hosted an exclusive End-of-Year Customer Appreciation Party to close out 2024. The event was designed as a heartfelt thank-you to our valued customers for their trust, support, and loyalty throughout the year.

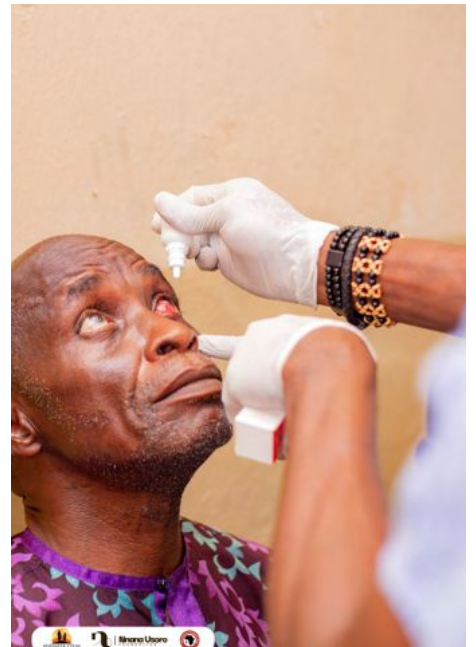






SUSTAINABILITY &
**CORPORATE SOCIAL
RESPONSIBILITY**





Our Commitment to Sustainable Development Goal 3 (SDG 3):

Good Health & Well-being

As part of the NOVA Uplift Initiative, the Bank proudly supported a five-day free medical outreach organized by the Jennifer Etuh Foundation, in partnership with the Nnana Uoro Foundation and Pro Health International.

The outreach took place from December 2 to December 6, 2024, at the General Hospital, Ibiaku Ntok Okpo, Ikono LGA, Akwa Ibom State.

This initiative reflects our commitment to addressing critical healthcare needs and reinforces our broader ESG goals by promoting the well-being and resilience of the communities we serve.



NOVA Bank Supports **Flood Relief Efforts in Jigawa State**

As part of its commitment to social impact and responsible banking, NOVA Bank joined other financial institutions under the Committee of Banks to support communities affected by the recent flood disasters in Jigawa and Borno States.

The intervention included multi-million naira worth of relief materials donated to flood victims in Jigawa State, aimed at alleviating the

hardship caused by the disaster and aiding socio-economic recovery in the region.

This initiative aligns with the Bank's ESG strategy under the NOVA Uplift Initiative, which seeks to contribute meaningfully to national development and community resilience. NOVA Bank remains unwavering in its dedication to supporting vulnerable communities and responding to pressing social challenges.



Swinging for Equality: Empowering Women in Sports.



In line with our sustainability mission and commitment to promoting inclusive growth, the Bank proudly sponsored professional golfer Nkechi Arumona to participate in the TELECEL 67th Asantehene Open Golf Championship, held in Ghana from November 6th to 9th, 2024.

This gesture was a purposeful stride toward empowering female talent in a male-dominated sport. Without NOVA's support, Nkechi would not have had the opportunity to represent Nigeria on such a prestigious international platform, a gap that reflects broader issues of access, equity, and representation in sports.

Our backing of Nkechi's journey reflects our alignment with the United Nations Sustainable Development Goals, particularly Goal 5: Gender Equality and Goal 10: Reduced Inequalities. It also underscores our belief that sustainability includes creating pathways for individuals to thrive, break barriers, and inspire others — on and off the field.

At NOVA Bank, we are not just investing in talent; we are investing in a future where opportunities are accessible, potential is nurtured, and impact is multiplied.

It also underscores our belief that sustainability includes creating pathways for individuals to thrive, break barriers, and inspire others — on and off the field.



Championing Historical Preservation as a Path to **Sustainable Development**

As part of the NOVA Uplift Initiative and our broader Environmental, Social, and Governance (ESG) agenda, the Bank was proud to serve as one of the sponsors of the IBB Presidential Library project in 2024.

Conceived as a national institution, the IBB Presidential Library is designed to preserve and present Nigeria's rich history in arts, politics, and military leadership—particularly as shaped during the tenure of General Ibrahim Badamasi Babangida.

This sponsorship aligns with the United Nations Sustainable Development Goal 4 (Quality Education), which emphasizes inclusive, equitable, and lifelong learning opportunities. By supporting this landmark initiative, NOVA Bank reinforces its belief in the power of knowledge preservation, civic education, and leadership inspiration as tools for national development.

Through our investment in heritage and education, we continue to build not only a better bank, but a better society.

New on NovaPro Seamless Payroll Management!

Easily pay your staff and vendors in just a **few clicks.**



Follow these simple steps:

1. Login to **NovaPro** Corporate Internet Banking
2. Select the Payroll menu and get started.

You can also:

- Manage your cash flow by setting up automated fund transfers across your accounts.
- Set up automatic instructions for transactions and bills settlement.

If you need assistance, kindly contact our support team via **09136666680** or email us at support@novabank.ng.



LEADERSHIP AND **GOVERNANCE**



MD'S SPEECH

Introduction

Distinguished Shareholders, it gives me great pleasure to welcome you to the 8th Annual General Meeting of NOVA Commercial Bank Limited and to present our financial performance for the year ended 31st of December 2024.

2024 Financial Performance

I'm delighted to share with you the remarkable progress we have made over the past financial year.

NOVA Bank has continued its impressive growth trajectory, closing the year with a Group profit before tax of ₦11.43 billion — **a significant leap of 211%** from the ₦3.67 billion recorded in 2023. At the bank level, our **PBT surged by 215%**, climbing to ₦11.39 billion, up from ₦3.62 billion the year before.

Our momentum didn't stop there.

We saw a **172% increase** in Group profit after tax, rising to ₦8.23 billion, compared to ₦3.03 billion in 2023. The Bank itself recorded a 169% jump in net profit, ending the year at ₦8.03 billion, up from ₦2.98 billion.

This performance is backed by a solid balance sheet. Our total assets grew by 14%, reaching ₦373.5 billion, up from ₦327.4 billion the previous year. This growth was fuelled by increased customer activity, strategic investments, and strong balance sheet management.

Our core banking operations also saw exceptional results. Net interest income more than tripled, growing by 233% to ₦6.02 billion, while net fee and commission income increased by 89%, rising to ₦3.59 billion. These numbers reflect our success in diversifying revenue and deepening client relationships.

We also made gains in our investment portfolio, with investment securities growing by 11% to ₦66.06 billion, up from ₦59.61 billion. Even more impressive, we improved asset quality, cutting



Chinwe Iloghalu
ACTING, MD/CEO

impairment charges on credit losses by 72%, from ₦417.6 million to ₦118.1 million. This speaks volumes about the strength of our risk management framework.

Our capital base continues to strengthen. Shareholders' equity rose by 31% to ₦40.8 billion, driven by retained earnings and capital growth. Our share capital increased from ₦16 billion to ₦26 billion, representing a 63% boost — a clear testament to our resilience and capacity for sustainable growth.

In all, these results reflect not just strong financial performance but the strength of our people, our strategy, and our unwavering commitment to delivering value — to our customers, our shareholders, and to the economy at large.



Our focus remains clear, and the progress so far reaffirms that we are on the right path.



Building on Past Successes

Our performance in the previous year has set a solid foundation for the future. As we continue to expand, we intend to build on these successes and take them a stride further. Our strategic initiatives will focus on expanding our product offerings, enhancing operational efficiencies, exploring partnerships and new market opportunities

Enhancing Customer Experience

At the heart of our aspiration lies a steadfast commitment to our customers. We are dedicated to enhancing the customers' experience by leveraging cutting-edge technology and innovative solutions. Our digital banking platforms will offer seamless, secure, and convenient access to banking services, ensuring that our customers can manage their finances anytime, anywhere. By prioritizing customer-centricity, we aim to build lasting relationships based on trust, reliability, and excellence in service delivery.

Project Rocket and the Journey to 2028

2024 marked another critical step in our strategic journey under **Project Rocket**, our 5-year blueprint to **NAVIGATE 2028**. Our focus remains clear, and the progress so far reaffirms that we are on the right path.

We are well on our way to becoming **a national commercial bank** with the strength and structure of a respected **Tier 2 institution**. Our digital ambition to reach 5 million customers and **deliver 99.5% uptime** is fast becoming a reality, as is our plan to expand our branch network to **25 key locations**.

We are actively reshaping our balance sheet—targeting a **70:30 deposit mix**, a **cost-income ratio of 40%**, and keeping our **NPL below 2.5%**. Just as importantly, we continue to build a team of intrapreneurs and a workplace that ranks as a Great Place to Work.

The NOVA brand is evolving—recognized not just for innovation and digital banking, but for reliability, excellence, and a culture of compliance with **zero tolerance for infractions**.

As we look ahead, our commitment is stronger than ever. Project Rocket is in motion and NAVIGATE 2028 remains our north star.

Focusing on SMEs: Key Economic Drivers

We firmly believe that Small and Medium Enterprises (SMEs) are the backbone of our economy. As NOVA Bank, we are committed to establishing the SME market as a key economic driver. Through targeted financial solutions, advisory services, and dedicated support, we will enable SMEs to thrive and contribute significantly to Nigeria's economic growth. Our goal is to create an ecosystem where businesses can flourish, innovate, and expand, thereby fostering job creation and wealth generation.

Sustainability at the Core

Sustainability will be at the core of our operations as we move forward. We understand the importance of integrating environmental, social, and governance (ESG) principles into our business strategy. NOVA Bank is dedicated to promoting sustainable practices that benefit not only our stakeholders but also the wider community and the environment.

Conclusion

In conclusion, our transition to NOVA Bank represents a bold step forward, one that is driven by a clear vision and a commitment to excellence. NOVA Bank will consistently spearhead innovation and investing in cutting-edge technology and advanced risk management practices to transform financial services in Nigeria. Our focus remains on uncovering new opportunities for our valued clients, while creating outstanding value for all our stakeholders. We are poised to deepen our market presence and deliver exceptional value to our customers and shareholders. Your unwavering support and confidence in our vision are invaluable, and together, we will achieve remarkable success.

Thank you for your continued trust and partnership.

Corporate Information

FOR THE YEAR ENDED 31 DECEMBER 2024

These are the list of Directors who served in the entity during the year and up to the date of this report.

S/N	Name	Position
1	Mr. Phillips Oduoza	Chairman
2	Chief Malachy Nwaiwu	Independent Non-Executive Director
4	Mr. Shams Butt	Non-Executive Director (Retired 29th April 2024)
5	Mrs. Funmi Oyetunji	Independent Non-Executive Director
6	Mr. Chinedu Uzoho	Non-Executive Director
7	Mrs. Gbemisola Laditan	Independent Non-Executive Director
8	Mrs. Chinwe Iloghalu	Acting Managing Director/CEO
9	Dr. David Isiawe	Executive Director
10	Mr. Adebowale Oyedeji	Managing Director/CEO (Resigned 11th November 2024)
11	Mrs. Funke Okoya	Executive Director (Retired 6th November 2024)
12	Mr. Emmanuel Onokpasa	Executive Director (Retired 21st June 2024)

Auditors

PricewaterhouseCoopers (Chartered Accountants)



Landmark Towers 5B Water Corporation Road,
Victoria Island Lagos

BOARD OF DIRECTORS



Phillips Oduoza
CHAIRMAN

Phillips Oduoza is the Founder and Chairman of the Board of NOVA Bank, bringing over 38 years of experience in the banking sector across leading financial institutions. A widely respected figure in African banking, he is known for his strategic vision, innovation, and deep understanding of commercial and corporate banking.

Prior to founding NOVA, Mr. Oduoza served as Group Managing Director/CEO of United Bank for Africa (UBA), where he led the institution's transformation into a Pan-African powerhouse with global brand recognition. He was also a foundational member of the team that built Diamond Bank Plc into one of Nigeria's most innovative banks, where he rose to Executive Director by 1999.

His banking journey began with Citibank in 1989 as part of its inaugural Executive Trainee Program, after a stint at International Merchant Bank (IMB). Over the years, he has led numerous landmark transactions in infrastructure, telecommunications, energy, financial advisory, oil & gas, and corporate finance across Nigeria and the continent.

Mr. Oduoza has also contributed significantly to industry-wide transformation, notably chairing the Bankers' Committee Sub-Committee on Payment Systems that drove the implementation of the BVN and the modernization of Nigeria's electronic payment infrastructure.

He has served on several notable boards, including Diamond Bank Plc, Interswitch, Unified Payments (as Chairman), NIBSS, NESG, FMDQ, UBA Capital, and UBA Plc. He currently sits on the boards of Veritas University, Lagos State Security Trust Fund, and the Development Bank of Nigeria.

A Fellow of the Chartered Institute of Bankers (FCIB), Mr. Oduoza holds a First Class degree in Civil Engineering, an MBA in Finance, and is an alumnus of the Advanced Management Program at Harvard Business School. He has received numerous awards, including Africa CEO of the Year (New York, 2013 and 2014), and remains actively engaged with leaders across the corporate, diplomatic, and development sectors.



Chinwe Iloghalu
ACTING, MD/CEO

Chinwe Iloghalu is the Acting Managing Director/CEO of NOVA Bank. Before this role, she served as Executive Director of Institutional & Commercial Banking at NOVA, and previously as Executive Director, Lagos & Corporate Bank at Polaris Bank.

With over 28 years of experience, Chinwe is a seasoned banking professional recognized for her contributions across top financial institutions including Equatorial Trust Bank, Ecobank, Zenith Bank, Fidelity Bank, and Polaris Bank. Her expertise spans operations, marketing, credit, retail, corporate, and commercial banking, with a strong track record in structuring transactions across diverse sectors such as Oil & Gas, Power, Infrastructure, Telecommunications, Aviation, Manufacturing, Real Estate, Agriculture, Fintech, and the Public Sector.

She holds a B.Sc. in Industrial Chemistry from the University of Benin, an MBA from ESUT Business School, and an M.Sc. in Marketing Communications from the School of Media and Communication, Pan-Atlantic University.

Chinwe has also completed executive programs at globally renowned institutions including Harvard Business School, Said Business School (University of Oxford), The Wharton School, Columbia Business School, London Business School, and Lagos Business School.

She is a Fellow of the Institute of Credit Administration, an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, and a member of other notable bodies such as the Nigerian Institute of Management and the Nigerian Institute of Public Relations.

Chinwe is known for her relationship-driven leadership style, leveraging networks and strategic connections to drive business value and results.



Chief Malachy Nwaiwu **INDEPENDENT DIRECTOR**

Chief Malachy Nwaiwu recently retired in the Executive Cadre of the Central Bank of Nigeria (CBN) where he worked for 35 years and is an Independent Director at Nova Bank Limited.

During his time at CBN, he pioneered many initiatives and worked in a wide range of areas covering currency & branch operations, development finance, human resources and information technology. He was a member and the Secretary of the Committee that handled the design, printing and launching of the N1000 banknote denomination for the Bank. Chief Nwaiwu served on several committees in CBN that developed various initiatives in the transformation of the Bank and was in charge of Service Delivery Improvement Initiatives for the

branches of the Bank prior to retirement.

Chief Nwaiwu possesses a Master of Business Administration (Management and Finance) from the University of Lagos, a B.Sc. Agricultural Economics from the University of Ibadan and a Bachelor of Laws from the University of Abuja. He is a member of the Nigerian Institute of Management and the Association of Management and Administration (AMA) USA. He is currently an Attorney in the Law firm of Chukwuma-Machukwu Ume SAN (Firm of Lawyers & Arbitrators)



Chinedu Uzoho **NON-EXECUTIVE DIRECTOR**

Chinedu is a top-level finance, banking and capital market professional with several years experience in the banking industry and capital markets.

He worked with UBA, Fidelity Bank and Diamond Bank rising to a General Manager position before assuming the role of MD/CEO of Diamond Mortgages Ltd.

An astute ex banker with decades of cognate experience in commercial and mortgage banking. He is an entrepreneur with solid Capital Markets experience, having served on the Boards of CSCS, Diamond Securities Ltd and To mil Trust Ltd at various times and a one-time authorized dealing clerk of the Nigerian Stock Exchange.

Chinedu has attended several courses locally and internationally.



Funmi Oyetunji
**INDEPENDENT NON-
EXECUTIVE DIRECTOR**

Funmi Oyetunji is an accomplished professional with 43 years of corporate experience gathered across several roles of diverse disciplines and industries. She has held senior roles in a leading audit and accounting firm in Nigeria in the 1980s before going to work in consulting at KPMG's London office for 5 years where she acquired experience in business advisory and banking supervision as a Manager. She spent 10 years in banking, culminating in her role as the Group Treasurer of First Bank Plc where she was responsible for several pioneering feats in the Bank's Treasury and International Banking Operations. Mrs. Oyetunji has since 2002 operated in the real estate development and investment space. She has grown Abitos Financial Services Ltd, a family investment company from scratch to a multi-million-dollar company.

She has served on the Board of various companies such as Ecobank Nigeria Ltd (Chairman, Risk Committee), American Tower Corporation, Nigeria (Chairman, Audit Committee) and Prestige Insurance Plc. (Chairman, Audit Committee). She has participated in several board development courses at Harvard, INSEAD and MIT among others. She founded the LASAL Foundation that promotes social mobility through scholarships grants to indigent students in leading Nigerian universities. She has taught business leadership, finance and accounting at the Lagos Business School and authored a book; "A Conscious Life: Navigating Critical Stages and Aspects of Life Successfully".



Gbemisola Laditan
**INDEPENDENT NON-
EXECUTIVE DIRECTOR**

Gbemisola Laditan is a prize-winning chartered accountant with over 38 years experience in banking, financial control, consultancy, management accounting, taxation, operations, corporate finance, private equity, SME capacity building, marketing, credit and audit.

Mrs. Laditan is currently the CEO of Flux Logistix Limited and also serves as an Executive Director in the Superflux Group of Companies which include Superflux International Limited, CourierPlus Services Limited and Papyrus Investments Limited. She had previously worked in United Bank for Africa Plc for 14 years where she rose through the ranks to occupy various positions such as

Head Subsidiaries Coordination, Head Portfolio Management, Acting Managing Director UBA Private Equity Ltd, Head Investments, Tax and Insurance Management.

She has a Master of Business Administration (MBA) degree from the prestigious Obafemi Awolowo University and is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), member of the Chartered Institute of Taxation of Nigeria (CITN), member of the Financial Reporting Council of Nigeria and a holder of the International Financial Reporting Standards (IFRS) Diploma of the Association of Chartered and Certified Accountants (ACCA).



Dr. David Isiavwe
EXECUTIVE DIRECTOR

Dr. David Isiavwe is the Executive Director of Operations and Technology at NOVA Bank, where he is responsible for driving the bank's strategic initiatives in operations and technology. Before joining NOVA Bank, David was the General Manager and Head of Operations & Technology at Ecobank Nigeria. He currently serves as the President and Chairman of the Board of Trustees for the Information Security Society of Africa, Nigeria (ISSAN), a not-for-profit organization dedicated to securing Africa's cyberspace. His previous roles include General Manager at Union Bank of Nigeria Plc, Chief Operating Officer at UBA Africa, and Deputy Managing Director and COO of Banque Internationale du Burkina (BIB) in Burkina Faso.

With 33 years of experience in banking and academia, David began his career as a lecturer in the Department of Accounting at the University of Benin in 1989 before transitioning to Citibank in 1992, where he rose to the position of Vice President, based in Cape Town, South Africa.

David holds a Ph.D. in Accounting and specializes in areas such as Digital Transformation, Corporate Governance, Business Transformation, and Information Systems Security. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), an Honorary Fellow of the Chartered Institute of Bankers of Nigeria (HCIB), and a Certified Information Systems Security Professional (CISSP) by (ISC)², USA. He is also certified in the Governance of Enterprise IT (CGEIT) by ISACA, USA.

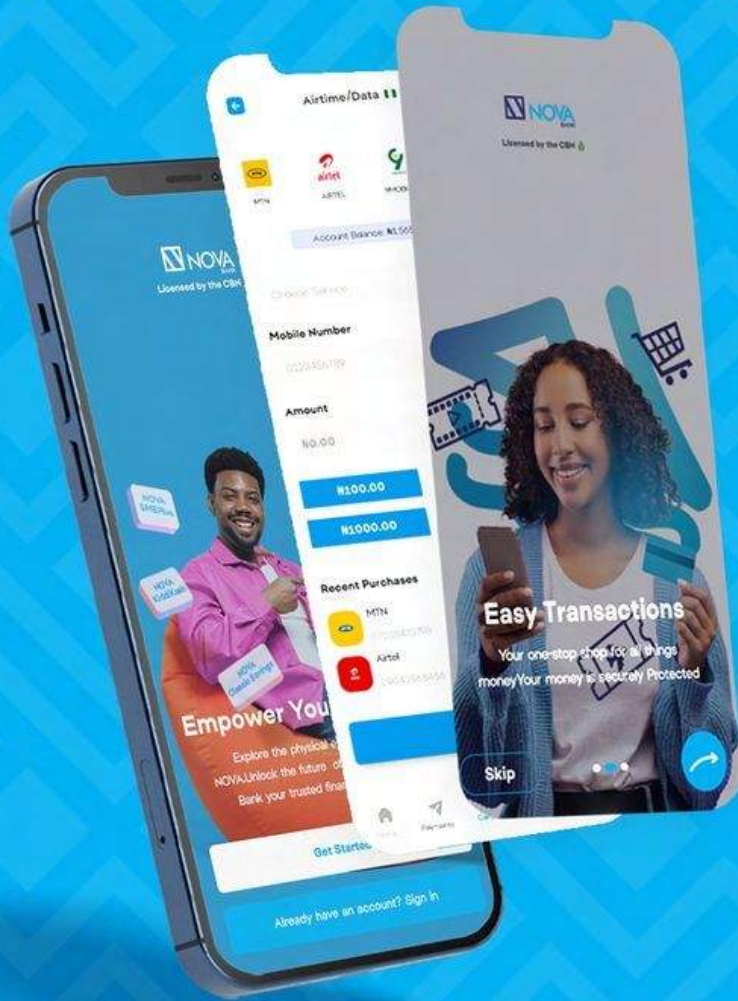
David has pursued professional certifications and attended numerous international courses from prestigious institutions such as Harvard University, Boston University, the University of Oxford's Said Business School, and the Massachusetts Institute of Technology (MIT), among others.

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EXECUTIVE
MANAGEMENT





Kehinde Olugbemi CHIEF RISK OFFICER

Kehinde Olugbemi serves as the Chief Risk Officer at NOVA Bank Limited with the responsibility of formulating and executing enterprise-level risk management strategies, ensuring strict compliance with regulatory standards, managing regulatory relationships, and providing guidance to stakeholders and Board members across subsidiaries. He is a seasoned professional in the financial services sector with a rich background in banking, business development, relationship management across retail, commercial, and corporate segments, risk management, corporate finance, and strategic planning. His dedication to mentorship is evident through his role as a mentor and knowledge resource at the Chartered Institute of Bankers of Nigeria (CIBN), Lagos.

Before joining NOVA, Kehinde served as the Acting Chief Risk Officer at Heritage Bank, where he played a vital role in liaising with stakeholders and regulators like the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC) and contributed significantly to regulatory compliance and financial reporting integrity. Kehinde holds a Chartered Banker MBA (CBMBA) from Bangor, UK, a master's degree from the University of Ilorin, and a BSc in Food Science & Technology from the Federal University of Agriculture, Makurdi, Benue State. He is a distinguished Fellow, Chartered Institute of Bankers of Nigeria (FCIB), a Member, Chartered Banker Institute, Scotland & Wales (MCB), and a Senior Associate Member, CRMI (Chartered Risk Management Institute of Nigeria).



Esther Adino GROUP HEAD, COMMERCIAL BANKING

Esther Adino is the Group Head of Commercial Banking at NOVA Bank. Prior to this, she served as the Group Head of Retail and Digital Banking, where she played a pivotal role in shaping NOVA's customer-facing strategy. With an extensive track record in the banking industry, Esther has led high-impact initiatives that significantly improved loan book visibility and strengthened balance sheet management. Her leadership has consistently translated into measurable outcomes, including remarkable increases in profitability and asset growth across the teams and regions she managed. She has overseen large-scale operations across multiple branches and was instrumental in the establishment of a

Retail Digital Bank Division—driving innovation and delivering superior customer experiences. Esther's strategic focus on customer-centricity, risk management, and digital transformation has made her a catalyst for growth and operational excellence.

Beyond the boardroom, Esther is passionate about leadership development. She has conducted capacity-building training across several regions in Nigeria, helping to groom the next generation of banking professionals. Esther continues to drive NOVA Bank's commercial growth with a blend of strategic vision, hands-on leadership, and deep industry insight.



Chijioke Uzoukwu **GROUP HEAD, OPERATIONS**

Chijioke Uzoukwu serves as the Head of Operations at NOVA Bank, overseeing Corporate Services, Treasury Operations, International Operations, Customer Services, Domestic Operations & Subsidiaries, Reconciliation, and Correspondent Banking Liaison. With a career spanning over three decades, he brings a wealth of experience in International Trade, Treasury Operations, Domestic Operations, and Customer Service.

Chijioke commenced his banking journey at Diamond Bank (now Access Bank), where he held various positions in Trade Services and Treasury Operations. He then transitioned to First Atlantic Bank as the Head of International Trade Services, followed by roles at Fin Bank

(now FCMB) and Ecobank, where he served as Acting Business Head for Trade Finance and subsequently as Head of Trade Products and Sales.

He holds a Bachelor's degree in engineering from the University of Agriculture Makurdi, an MBA from the University of Manchester, and several professional certifications from esteemed institutions worldwide. Chijioke is a member of the Nigerian Institute of Shipping (NIS), the Institute of Chartered Economists of Nigeria, and the Nigeria Institute of Management (NIM).



Daniel Ajoma **CHIEF FINANCE OFFICER**

Daniel Ajoma is a seasoned finance professional with over 21 years of experience in the banking and finance industry. His core expertise spans performance management, financial reporting, budgeting, strategic planning, data analytics, and financial control.

He has held leadership roles in major financial institutions, with a strong track record in driving financial strategy and

operational efficiency. Daniel holds a B.Sc. and M.Sc. in Finance from the University of Calabar. He is a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) and a member of both ICAN and the Institute of Management (Chartered).



Nnadozie Ohaji
**COMPANY SECRETARY/
LEGAL COUNSEL**

Nnadozie Ohaji is the Company Secretary/General Counsel at NOVA Bank Limited. An exceptional legal practitioner with an extensive background in governance and corporate secretarial practices. He is entrusted with the responsibility of organizing and hosting statutory meetings for the Bank's board and committees, as well as ensuring rigorous compliance with corporate governance codes mandated by regulatory bodies.

Nnadozie has established himself as a leading authority in his field with over 20 years of experience, with a specific focus on legal advisory, compliance, and corporate governance within the financial services sector. Prior to joining NOVA, he held several distinguished senior positions, including Senior Legal Consultant, Head of Legal

Operations, and Chief Compliance Officer in some renowned banks in Nigeria where he made groundbreaking strides.

Nnadozie's academic achievements include a Certificate in Management Development Program from Access Campus in Berlin, Germany. He holds an LL. B from Imo State University, Owerri, Imo State and an LLM from the prestigious University of Lagos as well as an MBA in Quantic School of Business and Technology- Washington DC- USA and other specialized courses and seminars, focusing on International Trade, Corporate Governance, and Finance.



CORPORATE **GOVERNANCE**



Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Nova Commercial Bank Limited (Nova Bank) holds good corporate governance as one of its core values and confirms its commitment to the implementation of effective governance principles in its business operations. The Directors endorse the principles of best practice corporate governance as stated in the "Code of Corporate Governance Guidelines For Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria 2023". Issued by the Central Bank of Nigeria (CBN), Securities and Exchange Commission's (SEC) "Code of Corporate Governance" and the Financial Reporting Council of Nigerian (FRCN) Code of Corporate Governance.

The Board is of the opinion that Nova has in all material respects, complied with the requirements of the CBN code, and its own governance charters, during the 2024 financial year.

The Board of Directors of Nova has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered to by the Bank. In order to promote effective governance of Nova, the following structures have been put in place for the execution of Nova's Corporate Governance strategy:

1. Board of Directors
2. Board Committees
3. Executive Management Committees

As at December 31, 2024, the Board comprised a Non-Executive Chairman, four (4) Non-Executive Directors and two (2) Executive Directors, all of whom bring a wide range of skills and experience to the Board.

The Board of Directors carries out its responsibility through its standing Committees. These are the Board Audit and Compliance Committee, the Board Finance and General Purpose Committee, the Board Nomination and Governance Committee and the Board Credit and Risk Committee. Through the workings of these committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank.

In addition to the Board Committees, there are a number of Management Committees which ensure effective and good corporate governance at the managerial level.

A. THE BOARD

The Board presently consists of 7 members, 2 of whom, inclusive of the Acting MD/CEO are Executive Directors and 5 Non-Executive Directors. All the Directors have the requisite integrity, skills and experience to bring to bear on Board deliberations and discussions.

Responsibility

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for the working of the Board whilst the Chief Executive Officer is responsible for the running of the business and implementation of Board strategy and policy. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he/she chairs and which comprises all Executive Directors. The Board's primary responsibility is to increase shareholder's wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards as material.

The Board meets quarterly and additional meetings are convened as the need arises. In 2024, the Board met 6 times.

The Board is responsible for the Bank's structure, areas of operation, financial reporting, ensuring there is an effective system of internal control and risk management and appointments to the Board. The Board has the authority to delegate matters to Directors, Board Committees and the Executive Management Committee.

Appointments and Responsibility

During the course of the year, Mr. Shams Butt, Mr. Emmanuel Onokpasa and Mrs. Funke Okoya retired whilst Mr. Adebowale Oyedeji resigned from the Board. Mrs. Chinwe Iloghalu and Dr. David Isiyawe were appointed as Executive Directors.

Professional Independent Advice

All Directors are aware that they may take independent professional advice at the expense of the Company, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are dealt with in accordance with policy and assists with professional development as required.

B. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board has presented a balanced assessment of the Company's position and prospects. The Board is mindful of its responsibilities and is satisfied that in the preparation of its Financial Report it has met its obligation under the Code of Corporate Governance.

Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors make themselves accountable to the shareholders through regular publication of the Bank's financial performance and Annual Reports. The Board has ensured that the Bank's reporting procedure is conveyed on the most recent infrastructure to ensure accuracy. This procedure involves the monitoring of performance throughout the financial year in addition to monthly reporting of key performance indicators.

PricewaterhouseCoopers acted as external auditors to the Bank during the 2024 financial year. Their report is contained on page 16 of this Annual Report.

Internal Controls

The Bank has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board, Audit Committee and Credit & Risk Committee meetings.

C. CONTROLS ENVIRONMENT

The Board has continued to place emphasis on risk management as an essential tool for achieving the Bank's objectives. Towards this end, it has ensured that the Bank has in place robust risk management policies and mechanisms to ensure identification of risk and effective control.

The Board approves the annual budget for the Bank and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

D. SHAREHOLDERS RIGHTS

The Board of Nova has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to the Company Secretary.

E. BOARD COMMITTEES

The Board of Nova has the following committees, namely, the Board Audit & Compliance Committee, the Board Finance and General Purpose Committee, the Board Nomination and Governance Committee, and the Board Credit & Risk Committee.

Board Audit & Compliance Committee

The Board Audit & Compliance Committee is comprised as follows:

1. Mrs. Funmi Oyetunji - Chairperson
2. Mr. Chinedu Uzoho - Member
3. Mrs. Gbemisola Laditan - Member

The Board Audit Committee was set up to further strengthen internal controls in the Bank. It assists the Board of Directors in fulfilling its audit responsibilities by ensuring that effective systems of financial and internal controls are in place within the Bank.

Meetings are held at least once a quarter, with the Chief Audit Executive of the Bank in attendance.

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED BY MEMBERS
1	Mrs. Funmi Oyetunji	5	5
2	Mr. Chinedu Uzoho	5	5
3	Mrs. Gbemisola Laditan	5	5

Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Board Credit and Risk Committee

The Board Credit and Risk Committee is made up of 3 Non-Executive Directors and is responsible for approval of credit facilities in the Bank. It reviews all credits granted by the Bank and meetings are held at least once a quarter. Members of the Board Credit and Risk Committee are:

1. Mrs. Gbemisola Laditan - Chairperson
2. Chief Malachy Nwaiwu - Member
3. Mrs. Funmi Oyetunji - Member

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	Mrs. Gbemisola Laditan	7	7
2	Chief Malachy Nwaiwu	7	6
3	Mrs. Funmi Oyetunji	7	7

The Board Credit and Risk Committee was set up to assist the Board of Directors to discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Bank. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance within such limits; determining and setting the lending limits, reviewing and approving the Bank's credit strategy and the credit risk tolerance. The Committee reviews the loan portfolio of the Bank.

Board Nomination and Governance Committee

The Board Nomination and Governance Committee is comprised of 3 Non-Executive Directors namely:

1. Chief. Malachy Nwaiwu - Chairman
2. Mr. Chinedu Uzoho - Member
3. Mrs. Gbemisola Laditan - Member

Meetings are held at least once a quarter and the responsibilities of the Committee include reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors.

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	Chief Malachy Nwaiwu	6	6
2	Mr. Chinedu Uzoho	6	6
3	Mrs. Gbemisola Laditan	6	6

Finance and General Purpose Committee

The purpose of the Finance and General Purpose Committee is to, amongst other things; discharge the Board's responsibilities with regard to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Bank.

The Members of the Finance & General Committee are as follows:

1. Mr. Chinedu Uzoho - Chairman
2. Chief. Malachy Nwaiwu - Member
3. Mrs. Funmi Oyetunji - Member

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	Mr. Chinedu Uzoho	6	6
2	Chief Malachy Nwaiwu	6	6
3	Mrs. Funmi Oyetunji	6	4

Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Attendance at Board Meetings

Membership and attendance at Board Meetings are set out below:

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	Mr. Phillips Oduoza	6	6
2	Mr. Adebowale Oyedeji	6	4
3	Chief Malachy Nwaiwu	6	5
4	Mrs. Funke Okoya	6	4
5	Mr. Emmanuel Onokpasa	6	2
6	Mr. Chinedu Uzoho	6	6
7	Mrs. Gbemisola Laditan	6	6
8	Mrs. Funmi Oyetunji	6	4
9	Mrs. Chinwe Iloghalu	6	1
10	Dr. David Isiauwe	6	1

Executive Management Committees

These are Committees comprising senior management of the Bank. The committees are risk-driven as they are basically set up to identify, analyse, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Bank's Assets and Liabilities Committee (ALCO), the Management Credit Committee (MCC), the IT Steering Committee (ITSC), the Enterprise Risk Management Committee (ERMC) and the Executive Committee (EXCO).

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their report on the affairs of Nova Commercial Bank Limited ("the Bank") together with its subsidiaries ("the Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the year ended 31 December 2024.

Its subsidiaries are NovaMBL Asset Management Limited and NovaMBL Securities Limited. The Bank has a controlling interest in the subsidiaries.

Legal Form

Nova Commercial Bank Limited ("the Bank") was incorporated on May 17, 2017, in Nigeria as a Merchant Bank. It transitioned to a Commercial Bank in July 2024 and currently operates in Nigeria, providing Commercial Banking services as prescribed by the Central Bank of Nigeria (CBN).

The bank and its subsidiaries are situated at no. 23 Kofo Abayomi Street, Victoria Island, Lagos. The operations of the group are domiciled in Nigeria.

Major activities and business review

The principal activities of the Bank during the year was the provision of Commercial Banking services to its customers. The services principally involve retail banking, commercial banking and corporate banking, money market activities including trading and holding of marketable securities such as treasury bills and government securities.

Results at a glance

	Group 31 December 2024 N'000	Group 31 December 2023 N'000	Bank 31 December 2024 N'000	Bank 31 December 2023 N'000
Profit before tax	11,427,448	3,665,118	11,390,937	3,616,118
Taxation	(3,196,604)	(633,319)	(3,359,702)	(636,876)
Profit after tax	8,230,844	3,031,799	8,031,234	2,979,242
Other Comprehensive income for the year net of tax	(164,075)	-	(164,075)	-
Total Comprehensive income for the year	8,066,770	3,031,799	7,867,159	2,979,242

Proposed dividend

The Board, pursuant to the power vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, proposed a full year dividend of N2.253billion representing 8.67 kobo per N1.00 share held in Nova Commercial Bank from the retained earnings account as at 31 December 2024. The proposed dividend will be presented to shareholders for approval at the next Annual General Meeting. The dividend will be paid subject to withholding tax of 10%

Post balance sheet events

There are no significant post balance sheet events with material effect on the financial affairs of the Bank and the financial performance for the year ended 31 December 2024.

Directors' interest in shares

The interest of Directors in the issued share capital of the Bank as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purpose of sections 301 and 302 of CAMA 2020

Name	Direct holding ('000)	Indirect holding ('000)
Phillips Oduoza	11,313,510	1,814,865

The details of indirect holding of Directors in the issued share capital of the Bank is as below:

Name	Company	Indirect holding
Phillips Oduoza	BOP Integrated Investments Limited	257,433
	Benix Nigeria Limited	257,433
	PUE Financial Services Limited	1,300,000

Analysis of shareholdings

The details of the shareholding of the Bank as at 31 December 2024 is as detailed below:

Range ('000)	Holdings	Holders %	Cumm	Unit ('000)	Units %	Units ('000)
1 - 1,000,000	2	29%	2	514,865	2%	514,865
1,000,001 - 3,000,000	1	14%	3	1,300,000	5%	1,814,865
3,000,001 - 5,000,000	2	29%	5	6,435,813	25%	8,250,678
5,000,001 - 7,000,000	2	29%	7	17,749,323	68%	26,000,000
	7	100%		26,000,000	100%	

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Substantial interest in shares: share ownership of 5% and above

According to the register of shareholders as at 31 December 2024, the following shareholders held more than 5% of the issued share capital of the Bank.

Shareholders	December 2024		December 2023	
	Shareholding	% Holding	Shareholding	% Holding
Afriglobal Investment Holding	3,217,906	12.377%	1,980,250	12.377%
Five Star Associate Limited	3,217,906	12.377%	1,980,250	12.377%
Carbon Commodities DMCC	6,435,813	24.753%	3,960,500	24.753%
Phillips Oduoza (Direct and Indirect Holding)	13,128,375	50.494%	8,079,000	50.494%

Bonus Issue

During the year, the Bank issued bonus issue of 7,032,703,000 (seven billion, thirty two million, seven hundred and three thousand shares). The bonus shares were issued at par (one share at one naira) to all existing shareholders in proportion to their existing shareholding ranking pari passu with existing shares.

Right Issue

During the year, the Bank issued right issue of 1,566,962,000 (one billion, five hundred and sixty six million, nine hundred and sixty two thousand shares). The right shares were issued at par (one share at one naira) to all existing shareholders in proportion to their existing shareholding ranking pari passu with existing shares.

Directors' interest in contracts

None of the directors has declared any direct or indirect interest in contracts or proposed contracts with the bank during the year ended 31 December 2024.

Human resources

The Bank is dedicated to providing equal opportunities to all employees. Our employment standard is such that there shall not be discrimination on the basis of race, colour, gender, nationality, age, social class, religion, smoking habits, politics, tribe or disability during hiring, promotion and retirement. We strive to diversify the mix of our workforce and ensure that the make-up of our employees represent various population groups and geographical regions within the country.

Composition of employees by gender

	Group	Bank
Male	93	90
Female	72	69
Total	165	159

Senior Management's composition by gender

	Group	Bank
Male	15	14
Female	5	4
Total	20	18

Board Member's composition by gender

	Group	Bank
Male	4	4
Female	3	3
Total	7	7

Health and safety

The Bank accords the highest priority to health and safety in all its operations, the aim being to make the company a safe and totally accident-free place to work. The Bank has a comprehensive health insurance scheme for staff, through which medical needs of staff and their immediate family members are met. In addition, the Bank provides first aid in the business office.

The Bank operates a contributory pension plan in accordance with the Pension Reform Act, 2014, wherein the Bank contributes 10% of employees' basic salary, housing and transport allowance to the designated pension fund administration chosen by each employee. As a part of the scheme, Bank also remit employees' contribution of 8% of the relevant compensation to the same account, as provided by the Pension Reform Act, 2014, as amended.

Employee involvement

The Bank encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Bank provides formal and informal opportunities where employees deliberate on issues affecting the Bank and employees' interest, with a view to making inputs to decisions thereon.

Training and development

The Bank attaches great importance to training and development and believes that only by having staff whose skills are up-to-date can it face the challenges of the future. The main principle behind our training and development is that all our programmes must meet the specific needs of the individual and the present and future requirements of the company.

The appraisal process is focused on identifying these needs and courses are conducted in-house and externally, both in Nigeria and abroad.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Donations

The Bank made a donation of N77.7m (2023: N23.5m) during the year. The details of the donation are as listed below:

Description	Organisation	Amount (N'000)
2024 Annual Bankers Committee Conference	Bankers Committee	12,800
2024 Annual Bankers Committee Dinner	Bankers Committee	12,800
Donation to Support Financial Literacy and Public Enlightenment	CBN	30,887
2024 Annual Bankers Committee Retreat	Bankers Committee	3,254
2024 Industry IT Standard	CBN	8,000
2024 Annual Bankers Committee Retreat	Bankers Committee	961
Donation for Flood Disaster	CBN	5,000
Sponsorship for Public Lecture	Unilag	1,000
Sponsorship for Golf sport	Pep Nig	1,000
Donation to Support Literacy	Funke Okoya	2,000
		77,702

Claw Back

There was no claw back during the year

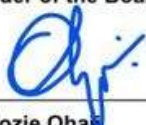
Auditor

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors of the Bank and will do so pursuant to section 401(2) of Companies and Allied Matters Act 2020.

Proposed Dividend

The Board, pursuant to the power vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, proposed a full year dividend of N1.807billion representing 6.95 kobo per N1.00 share held in Nova Commercial Bank from the retained earnings account as at 31 December 2024. The proposed dividend will be presented to shareholders for approval at the next Annual General Meeting. The dividend will be paid subject to withholding tax of 10%

By order of the Board



Nnadozie Ohajor
Company Secretary/General Counsel
FRC/2020/004/00000020376
27 March 2025

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

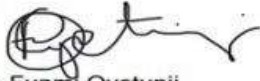
In accordance with the provisions of Section 404 of the Companies & Allied Matters Act 2020, we the members of the Audit Committee hereby report as follows:

We confirm that we have seen the audit plan and scope, and the Management Letter on the audit of the accounts of the Bank and the responses to the said letter.

In our opinion, the plan and scope of the audit for the year ended December 31, 2024 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

As required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as analysed in the financial statements as at December 31, 2024.



Mrs. Funmi Oyetunji
FRC/2018/ICAN/00000017879

MEMBERS OF THE AUDIT COMMITTEE ARE:

- | | |
|---------------------------|-------------|
| 1. Mrs. Funmi Oyetunji | Chairperson |
| 2. Mr. Chinedu Uzoho | Member |
| 3. Mrs. Gbemisola Laditan | Member |
| 4. Chief Malachy Nwaiwu | Member |

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Risk Management

Introduction

The Bank's activities in the normal course of business lead to exposure to a variety of risks (market, operational credit reputational, etc.) making Risk management central to the organization in a particularly turbulent year as witnessed in 2024. Insecurity remained the key issue that impacted the operating environment coupled with adverse macroeconomic variables as a heightened inflation, devaluation of the currency against the US Dollars. This led to increased uncertainty in some of the sectors of the economy in the year 2024. In the year 2024 economic uncertainties both on the global and domestic fronts. The fact we were able to successfully navigate such a challenging period with minor impact on the Bank's operations demonstrates the resilience, and persistence and it was a year to test the resilience of contingency plans and ensure continuity of business under radically different circumstances.

Risk management has had to ensure that the Bank reacted appropriately to the challenges occasioned by a changing operating environment ranging from FX market reforms (unifying exchange rates), FX volatility, MPR hikes, CRR adjustment, and Banking sector capitalization review amongst others whilst remaining profitable and competitive. Businesses and individuals had to embrace the CBN cashless policy and the expectations that the CBN, and banks have a lot to do to improve the existing cashless economy infrastructure and provide solutions to the negative experiences customers face when using electronic payment options. The CBN's effort to stabilize Nigeria's economy, tackle inflation, and improve the financial system meant enhancement of the CRR, restriction on cash withdrawal over the counter to promote digital transactions and financial inclusion as well as actively participating in the Open Market Operations (OMO). The CBN kept the rates on Government securities as Treasury Bills relatively high for most parts of the year amidst increased government borrowings. Key areas of concern for risk management are:

The new world of work with virtualisation and digitisation means that risk management techniques must change and adapt accordingly, with system embedded controls replacing traditional containment measures. Cybersecurity is a key risk element in this regard.

The Nigerian Regulators have been dynamic and agile so far, and will continue to adapt reporting and forbearance requirements which may place a compliance burden on industry operators.

The apex bank also introduced the cashless policy is aimed at scaling up financial inclusion and reducing cases of armed robbery, kidnapping, terrorism financing, advance fee fraud, graft, ransom payment, extortion and other crimes

Client sophistication and access to information means that the scope for arbitrage is much reduced with margins generally thinning out as the economy advances.

All of these trends and many others will continue to change the industry, eliminating some risks and introducing new ones for which it may be necessary to modify existing operational procedures and products.

A period in which compliance risk took the front seat as regulators stepped up enforcement actions and political exposure received closer attention. This was seen in the number of Policy releases by the CBN

Enterprise Risk Management Framework

Nova Bank has adopted an Enterprise Risk Management approach to identify, assess, monitor, control and report the inherent and residual risks associated with the business of banking in line with International Best Practices. As we deepen our presence in the market, proactive Risk Management Framework becomes even more critical to ensure stability of earnings and confidence in our brand.

The Bank's risk management architecture, as designed, continued to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance & control, and audit. The Board of Directors and Management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks.

Risk strategies and policies are set by the Board of Directors of Nova Bank. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of Nova Bank to assume risk, weighed against the expected rewards are detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner.

Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks as well as for other key risks such as liquidity, strategic, cybersecurity and reputational risks.

Risk Management Framework

All activities and processes of Nova Bank involve the identification, measurement, evaluation, acceptance, and management of risk or combinations of risk. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Bank's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions.

Nova Bank benefits from having enhanced its Bank risk management framework, which gives full Bank-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Here in Nova Bank, we have a holistic view of all major risks facing the Bank. We remain vigilant with regard to both known and emerging risks and ensure that we are strong enough to withstand any exogenous shock. Our Board-level risk committees play a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term, sustainable success in achieving our strategic vision of being Africa's preferred financial solution provider.

Risk Management Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Risk, by definition, is dynamic in nature. The management of risk, consequently, must be evolving, necessitating regular review of the effectiveness of each enterprise risk management component.

A firm understanding and application of risk management principles, coupled with continuously monitoring and improving our controls constitute the fulcrum that is central to the delivery of our strategic objectives. The Board's risk committees play an active role in ensuring that we undertake well-measured, profitable risk-taking activities that support long-term sustainable growth and the composition and oversight is

Balancing Risk and Return

Balancing risk and return and taking cognizance of the capital required demands rigorous analysis. The ultimate aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders and providing security to capital providers and clients, as well as ensuring overall sustainability in our business activities.

Every business activity in our Bank requires us to put capital at risk in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in other activities the level of return can vary over a very wide spectrum, ranging from a loss to a profit. Accordingly, over the past year we have expended substantial energy in improving our risk and capital management framework, to focus on taking risks where we:

- Understand the nature of the risks we are taking, and what the range of outcomes could be under various scenarios, for taking these risks;
- Understand the capital required in order to assume these risks;
- Understand the range of returns that we can earn on the capital required to back these risks.

Our objective of balancing risk, return, and capital has led us to enhance substantially our risk management methodologies, in order to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve an optimal outcome.

Value is added for shareholders if our process allows us to demonstrate sustainable risk-adjusted returns in excess of our cost of capital. The process provides security to our capital providers and clients by assuring them that we are not taking on incremental risks which adversely affect the outcomes we have contracted to deliver to them.

Nova Bank's Risk management philosophy and culture remain fundamental to the delivery of our strategic objectives. Risk management is at the core of the operating structure of the Bank. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

Risk management is fundamental to the Bank's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions. The Bank believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks. This will ensure that:

- Risk acceptance is done in a responsible manner;
- The Executive Committee and the Board of Directors have adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and
- Stewardship is enhanced.

*Ensuring the highest levels of regulatory compliance

Risk Appetite

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Nova Bank is willing to accept in pursuit of its strategy, duly set and approved by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans.

The risk appetite metrics were tracked against approved triggers and exceptions were reported to Management for prompt corrective actions. Key issues were also escalated to the Risk Management committee and the Board Risk Management Committee.

Risk management objectives

The broad risk management objectives of the Bank are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To enhance credit ratings, depositors, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective

Scope of risks

The scope of risks that are directly managed by the Bank is as follows:

- Credit risk
- Operational risk
- Market and liquidity risk
- Legal and compliance risk
- Strategic risk
- Reputational risk
- Capital risk
- *Cybersecurity risk

These risks and the framework for their management are detailed in the enterprise risk management framework.

Responsibilities

The responsibilities of the Risk Management Division are highlighted below:

Risk Management Governance Framework

The framework details Nova Bank's risk universe and governance structure comprising three distinct layers:

- 1 The enterprise-wide risk management and corporate governance committee forums;
- 2 The executive management committees; and
- 3 Risk management responsibilities per risk area.

Risk Management Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Risk Management Governance Structure

Risk Management Organisational Framework

- Nova Bank's Risk Management Governance Structure is depicted in the diagram below



The Board and management committees

The Board of Directors is the highest approval authority for credit risk policies and credit facilities in Nova Bank. It carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Board has four standing committees namely: the Board Risk Management and Audit Committee, the Board Credit and Risk Committee, the Board Nomination and Governance Committee and the Board Finance & General Purpose Committee.

The management committees which exists in the Bank includes: The Executive Committee (EXCO), Risk Management Committee (RMC), Management Credit Committee (MCC) and Asset & Liability Committee (Bank ALCO) . Without prejudice to the roles of these committees, the full Board retains ultimate responsibility for risk management.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. Our definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks.

It also includes the reputation and franchise risk associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in Nova Bank's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Corporate Audit.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Nova Bank incurs operational losses.

Our operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to:

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long term growth, cash flow management and balance sheet protection;
- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

In order to create and promote a culture that emphasizes effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Nova Bank.

Level 1 refers to the oversight function carried out by the Board of Directors, Board risk committee and the executive management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

Level 2 refers to the management function carried out by operational risk management. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the Board.

Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks. Internal audit provides independent assessment and evaluation of the Bank's operational risk management framework.

This periodic confirmation of the existence and utilization of controls in compliance with approved policies and procedures, provide assurance as to the effectiveness of the Bank's operational risk management framework. Some of the tools being used to assess, measure and monitor operational risks in the Bank include;

A loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

Risk Management Report

FOR THE YEAR ENDED 31 DECEMBER 2024

The Bank's operational risk framework

The Bank's current operational risk framework was implemented in 2018 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service, improve process efficiencies and minimize operating losses.

The Bank recognizes the fact that it is neither cost-effective nor possible to attempt to eliminate all operational risks. Events of small significance are thus expected to occur and are accepted as inevitable with relevant budgeting for these losses where appropriate. Events of material significance are limited, and the Bank seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor the management and future mitigation of such events.

Management and control responsibilities

The first line of governance for managing operational risk rests with business and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff report any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. Amongst others, business management is responsible for ensuring that processes for identifying and addressing ineffective controls and mitigating risk events are implemented and executed.

Operational Risk teams form the secondary line of governance by ensuring that processes to identify weaknesses are effective and identified weaknesses are acted upon. The Bank's operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the Risk Management Committee (RMC) and at the Board; and the multi-layered system of defenses ensures pro-active operational risk management.

Measuring and managing operational risk

The Bank recognizes the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Bank's operational risk framework, qualitative and quantitative methodologies and tools are applied (Bank-wide) to identify and assess operational risks and to provide management information for determining appropriate mitigating measures.

Risk event data collection and reporting

A standard process is used for the recognition, capture, assessment, analysis and reporting of risk events. This process is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are loaded onto a central database and reported monthly to the RMC.

Risk and control self-assessments (RCSA)

In order to pro-actively identify and actively mitigate risks, the operational risk framework utilises RCSAs. RCSA is used at a granular level to identify relevant material risks and key controls mitigating these risks. The risks and controls are assessed on a quarterly basis and relevant action plans are put in place to treat, tolerate, terminate or transfer the risks, taking into account the relevant business risk appetites.

The RCSA programme is extensive and covers the entire Bank. The Internal Audit further tests the effectiveness of the RCSAs within the normal course of auditing and relevant metrics are monitored and actioned where relevant.

Key risk indicators (KRIs)

A comprehensive set of KRIs is in place across the Bank, with relevant and agreed-upon thresholds set by the business. KRIs are monitored at the Bank as well as business unit level, based on significance. Threshold breaches are managed in accordance with an agreed-upon process across the Bank.

Reporting

Business units are required to report on both a regular and an event-driven basis. The reports include a profile of the key risks to their business objectives, RCSA and KRI results, and operational risk events. Risk reports are presented to executive management and risk committees.

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Nova Bank. The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. Regular awareness campaigns are also used to drive information security and business continuity culture in the Bank.

Strategic Risk Management

In Nova Bank, we define Strategic Risk as the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value. It is a primary component and necessary foundation of our Enterprise Risk Management.

Strategic risk management, therefore, is defined as current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It can also be defined as the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services through mergers and acquisitions, and enhancing infrastructure.

A well-defined structure for managing strategic risk exists in Nova Bank. It provides a process for the Bank to identify and assess potential risks posed by its strategic plan and consider whether they have adequate capacity to withstand the risks. Strategic risk management involves various organizational functions within the Bank. The following principles govern the Bank's strategic risk management:

The Board and Senior management are responsible for strategic risk management and oversee the effective functioning of the strategic risk management framework; The functional units (i.e. the units which carry out business or operational functions) assists the Board and Senior management in formulating and implementing strategies, and in providing input to the strategic planning and management processes; and as well as implementing the strategic risk management framework.

Risk Management Report

FOR THE YEAR ENDED 31 DECEMBER 2024

The strategic risk management functions support the Board and senior management in managing strategic risk and other related processes in the Bank.

Strategic plans are approved and monitored by the Board. Regular environmental scan, business strategy sessions and workshops are set up to discuss business decisions, close monitoring to ensure that strategic plans are properly aligned with the business model, regular performance review by EXCO and business plans are approved by the Board.

The Bank also maintains a well-defined succession plan, proper monitoring and well-defined structures to align its activities to international best practices.

Reputational Risk Management

Reputational risk arises when the Bank's reputation is damaged by one or more reputational events from negative publicity about the organization's business practices, conduct or financial condition. The Bank's Strategic and Reputational Risk Management is mandated to protect the Bank from potential threats to its reputation.

Nova Bank takes the management of reputational risks seriously because of their far-reaching implications which are buttressed by the fact that the Bank operates under:

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises);
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- Given the financing nature of products and services they provide, Banks are not only exposed to their own reputation, but also to the reputation of their clients.

With banks operating and competing in a global environment, risks emerging from a host of different sources and locations is difficult to keep up with and to know how best to respond if they occur. The effects of the occurrence of a reputational risk event include but are not limited to the following:

- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Regulatory sanctions;
- Increased costs due to government regulations, fines, or other penalties; and
- Loss of banking license.

It is the Bank's policy that, at all times, the protection of the Bank's reputation should take priority over all other activities, including revenue generation. Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risk.

It may also arise from the failure to comply with social, environmental and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk.

The desired risk appetite for reputation is low risk. The Bank will ensure that the highest ethical standards are followed at all times and the code of conduct policy will be strictly implemented.

Statement of Directors Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

- i Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- ii Establishes adequate internal controls to safeguard its assets and to detect and prevent fraud and other irregularities; and
- iii Prepares financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.


The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with,

- International Financial Reporting Standards;
- Prudential Guidelines for Licensed Banks in Nigeria;
- Financial Reporting Council of Nigeria Act
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act and
- The requirements of the Companies and Allied Matters Act.


The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the financial performance and cash-flows for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mrs. Chinwe Iloghalu
Acting Managing Director/CEO
FRC/2025/PRO/DIR/003/813789
27 March 2025



Mr. Phillips Oduozor
Chairman
FRC/2013/CIBN/0000001955
27 March 2025

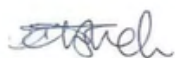
Statement of Directors Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2024

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director and Chief Financial Officer, hereby certify the financial statements of Nova Bank Limited for the year ended 31 December 2024 as follows:

- a That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2024.
- b That the audited consolidated and separate 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 consolidated and separate 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 2024.
- 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 and its subsidiaries is made known to us by other officers of the companies, during the period end 31 December 2024.
- e That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited consolidated and separate 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 weaknesses.
- 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.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mrs. Chinwe Iloghalu
Acting Managing Director/CEO
FRC/2025/PRO/DIR/003/813789
27 March 2025



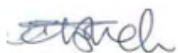
Mr. Daniel Ajoma
Chief Financial Officer
FRC/2022/PRO/ICAN/001/603169
27 March 2025

Management's Annual Assessment of, and Report on, Nova Commercial Bank Limited's Internal Control Over Financial Reporting

FOR THE YEAR ENDED 31 DECEMBER 2024

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, we hereby make the following statements regarding the Internal Controls of Nova Commercial Bank Limited for the year ended 31 December 2024:

- a Nova Commercial Bank Limited's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- b Nova Commercial Bank Limited'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;
- c Nova Commercial Bank Limited's management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.
- d Nova Commercial Bank Limited's external auditor Messrs PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.
The attestation report of Messrs PricewaterhouseCoopers that audited its financial statements will be filed as part of Nova Commercial Bank Limited's annual report.



Mrs. Chinwe Iloghalu
Acting Managing Director/CEO
FRC/2025/PRO/DIR/003/813789
27 March 2025



Mr. Phillips Oduzo
Chairman
FRC/2013/CIBN/00000001955
27 March 2025

Chief Executive Officer's Certification of Management's Assessment of Internal Control Over Financial Reporting

FOR THE YEAR ENDED 31 DECEMBER 2024

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, I hereby make the following statements regarding the internal control over financial reporting of Nova Commercial Bank Limited for the year ended 31 December 2024.

I, Chinwe Illoghalu, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Nova Commercial Bank Limited;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) The entity's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, to ensure that material information relating to the entity, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Mrs. Chinwe Illoghalu
Acting Managing Director/CEO
FRC/2025/PRO/DIR/003/813789
27 March 2025

Chief Financial Officer's Certification of Management's Assessment of Internal Control Over Financial Reporting

FOR THE YEAR ENDED 31 DECEMBER 2024

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, I hereby make the following statements regarding the internal control over financial reporting of Nova Commercial Bank Limited for the year ended 31 December 2024.

I, Daniel Ajoma, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Nova Commercial Bank Limited;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) The entity's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, to ensure that material information relating to the entity, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Daniel Ajoma
Chief Financial Officer
FRC/2022/PRO/ICAN/001/603169
27 March 2025



FINANACIAL **PERFORMANCE**





Independent practitioner's report

To the Members of Nova Commercial Bank Limited

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

Our opinion

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of Nova Commercial Bank Limited ("the bank") and its subsidiaries (together "the group") are not adequate as of 31 December 2024, based on the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria.

What we have performed

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

Basis for opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the group's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition and Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



We also have audited, in accordance with the International Standards on Auditing, the consolidated and separate financial statements of Nova Commercial Bank Limited and our report dated 05 May 2025 expressed an unqualified opinion.

Chidi Ojechi

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

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



05 May 2025



Independent auditor's report

To the Members of Nova Commercial Bank Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

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

What we have audited

Nova Commercial Bank Limited's consolidated and separate financial statements comprise:

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

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 consolidated and separate financial statements* section of our report.

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

Independence

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

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Expected credit losses on loans and advances to customers – N620.59 million (refer to notes 2.5.5, 3.0(i), and 18)</i></p> <p>We focused on this area because management exercises significant judgment, using subjective assumptions to determine both the timing and amounts to recognize as impairment on loans and advances to customers.</p> <p>IFRS 9 "Financial Instruments" requires considerable judgment in measuring expected credit loss (ECL).</p> <p>Key areas where significant judgment is applied include:</p> <ul style="list-style-type: none"> • the default definition adopted by the bank and group; • determining the criteria for assessing significant increases in credit risk (SICR); • the methodologies utilized by the bank and group to model the probability of default (PD) within the ECL model; • estimating the loss given default (LGD) and the assumptions applied in the ECL model; • calculating the credit conversion factor (CCF) for off-balance sheet exposures; • the approach used to determine Exposure at Default (EAD); and • incorporating forward-looking information and determining multiple economic scenarios used in the ECL model. <p>This is considered a key audit matter in the consolidated and separate financial statements.</p>	<p>We reviewed and evaluated the process as well as tested the key controls surrounding the determination of the allowance for expected credit loss.</p> <p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Verified that the bank and group's definition of default complied with IFRS 9 criteria. • Applied a risk-based target testing approach to review credit files in detail and assess management's conclusions on significant increases in credit risk (SICR). <p>With the assistance of our modelling experts, we</p> <ul style="list-style-type: none"> • assessed the reasonableness of the PD by agreeing assigned PDs for each rating scale to external source data based on obligor risk, ensuring lifetime PDs were accurately calculated, considering the counterparty's individual maturities; • evaluated the appropriateness of the LGD methodology, including the collateral valuation assumptions used in the ECL model, and verified the accuracy of the final LGD; • verified the appropriateness of the CCF applied in determining the exposure at default for off-balance sheet exposures by independently computing a selected sample of the exposures; • Verified the accuracy of EAD computations by independently calculating EADs on a sample basis; • reviewed the reasonableness of forward-looking information used in the ECL model, including the selection and application of multiple economic scenarios, by corroborating with publicly available data; • validated the accuracy of ECL computations by independently recalculating a sample of loan exposures. <p>We evaluated the IFRS 9 disclosures for reasonableness.</p>

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are Corporate Information, Corporate Governance Report, Directors' Report, Report of the Audit Committee, Risk Management Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Management's Annual Assessment of, and Report on, Nova Commercial Bank Limited's Internal Control over Financial Reporting, Chief Executive Officer's Certification of Management's Assessment of Internal Control over Financial Reporting, Chief Financial Officer's Certification of Management's Assessment of Internal Control over Financial Reporting, Value Added Statement, Three-year Financial Summary – Group, Five-year Financial Summary – Bank, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns;
- iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 35 to the consolidated and separate financial statements; and



- v) as disclosed in Note 38 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2024.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Nova Commercial Bank Limited's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 05 May 2025.

Chidi Ojechi

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

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



05 May 2025

Consolidated and Separate Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000	Note	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
Interest income	6	32,317,972	24,267,970	31,961,797	23,924,590
Interest expense	7	(26,444,469)	(22,338,063)	(25,938,796)	(22,110,025)
Net interest income		5,873,503	1,929,907	6,023,001	1,814,565
Impairment charge for credit losses	8	(118,149)	(417,609)	(118,149)	(417,609)
Net fee and commission income	9	3,629,750	1,923,779	3,590,512	1,896,702
Net gains/(losses) on financial instruments at fair value through profit or loss	10	2,427,393	(31,218)	2,214,987	(33,735)
Net foreign exchange gain	11	6,165,766	4,673,474	6,165,766	4,673,474
Other income	12	65,638	138,586	16,478	137,381
Operating expenses	13	(6,616,453)	(4,551,801)	(6,501,658)	(4,454,660)
Profit before tax		11,427,448	3,665,118	11,390,937	3,616,118
Taxation	14	(3,196,604)	(633,319)	(3,359,702)	(636,876)
Profit for the year		8,230,844	3,031,799	8,031,235	2,979,242
<i>Items that may be subsequently reclassified to the income statement:</i>					
Net changes in fair value of financial assets FVOCI	18b	(236,757)	-	(236,757)	-
ECL on debt instruments classified as FVOCI	8	72,682	-	72,682	-
Other comprehensive (loss)/income, net of related tax effects:		(164,075)	-	(164,075)	-
Total comprehensive income for the year		8,066,770	3,031,799	7,867,160	2,979,242
Profit for the year attributable to:					
Owners of Parent		8,220,284	3,027,692	8,031,235	2,979,242
Non-controlling interest		10,560	4,107	-	-
Profit for the period		8,230,844	3,031,799	8,031,235	2,979,242
Total comprehensive income attributable to:					
Owners of Parent		8,056,420	3,027,692	7,867,160	2,979,242
Non-controlling interest		10,349	4,107	-	-
Total comprehensive income for the year		8,066,770	3,031,799	7,867,160	2,979,242
Earnings per share attributable to equity holders					
Basic earnings per share (kobo)	15	31	19	30	19
Diluted earnings per share (kobo)	15	31	19	30	19

Consolidated and Separate Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2024

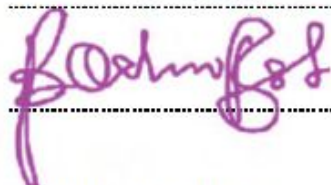
N'000	Note	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
Assets					
Balances with banks	16	114,469,738	65,439,217	114,324,898	65,284,072
Loans and advances to customers	17	96,424,484	103,480,431	97,692,587	104,695,462
Pledged assets	18a	10,459,214	7,083,899	10,459,214	7,083,899
Investment securities	18b	67,135,871	60,661,200	66,055,561	59,613,775
Investment in subsidiaries	19	-	-	431,167	431,167
Other assets	20	82,160,512	88,478,219	82,501,761	88,856,339
Intangible assets	21	912,125	549,677	903,555	532,536
Property and equipment	22	1,748,502	1,407,368	1,731,159	1,384,604
Right-of-use asset	23	201,349	217,280	201,349	217,280
Deferred tax assets	14	-	132,051	-	115,939
Total assets		373,511,795	327,449,342	374,301,251	328,215,073
Liabilities					
Deposits	24	157,738,447	161,801,658	158,553,929	162,567,470
Due to Banks	25	19,813,896	15,353,153	19,813,896	15,353,153
Lease liabilities	23	174,712	150,449	174,712	150,449
Current tax liabilities	14	2,418,891	329,614	2,416,780	329,463
Deferred tax liability	14	663,993	-	846,213	-
Debt securities issued	26	10,419,652	10,414,226	10,526,264	10,527,916
Other liabilities	27	141,446,511	108,198,280	141,415,885	108,167,172
Total liabilities		332,676,102	296,247,380	333,747,679	297,095,624
Equity					
Share capital	28	26,000,000	16,000,000	26,000,000	16,000,000
Deposit for share capital		-	1,400,335	-	1,400,335
Statutory reserve	29	6,753,498	4,344,129	6,753,499	4,344,129
Retained earnings	29	3,242,858	7,076,317	3,010,195	7,032,703
Fair value reserve	29	(125,390)	38,684	(125,390)	38,684
Regulatory risk reserve	30	4,915,268	2,303,598	4,915,268	2,303,598
Total equity attributable to owners of the Parent		40,786,234	31,163,063	40,553,572	31,119,450
Non-controlling interest	29	49,459	38,899	-	-
Total Equity		40,835,693	31,201,962	40,553,572	31,119,450
Total liabilities and equity		373,511,795	327,449,342	374,301,251	328,215,073

The accompanying notes form an integral part of the financial statements. The financial statements were approved and authorized for issue by the Board of Directors on 27th March 2025 and signed on its behalf by:

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Chinwe Iloghalu - Acting Managing Director/CEO
FRC/2025/PRO/DIR/003/813789



Phillips Oduoza - Chairman
FRC/2013/CIBN/00000001955

Additional Certification by:



Daniel Ajoma - Chief Financial Officer
FRC/2022/PRO/ICAN/001/603169

Consolidated and Separate Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

GROUP	Share capital	Deposit for Share Capital	Retained earnings	Statutory reserves	Fair value reserve	Regulatory risk reserve	Total	NCI	Total equity
2024	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2024	16,000,000	1,400,335	7,076,317	4,344,129	38,684	2,303,598	31,163,063	38,899	31,201,962
Total comprehensive income:									
Profit for the year	-	-	8,220,284	-	-	-	8,220,284	10,560	8,230,844
Other comprehensive loss	-	-	-	-	(164,075)	-	(164,075)	-	(164,075)
	16,000,000	1,400,335	15,296,601	4,344,129	(125,390)	2,303,598	39,219,273	49,459	39,268,732
Transaction with owners:									
Transfer to statutory reserves	-	-	(2,409,371)	2,409,371	-	-	-	-	-
Transfer to Share Capital	1,400,335	(1,400,335)	-	-	-	-	-	-	-
Additional Capital (Right Issue)	1,566,962	-	-	-	-	-	-	-	1,566,962
Bonus Issue	7,032,703	-	(7,032,703)	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	(2,611,670)	-	-	2,611,670	-	-	-
	10,000,000	(1,400,335)	(12,053,743)	2,409,371	-	2,611,670	-	-	1,566,962
At 31 December 2024	26,000,000	-	3,242,858	6,753,499	(125,390)	4,915,268	39,219,273	49,459	40,835,693
2023	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2023	16,000,000	-	5,144,474	3,450,356	38,684	2,101,521	26,735,035	34,792	26,769,827
Total comprehensive income:									
Profit for the year	-	-	3,027,692	-	-	-	3,027,692	4,107	3,031,799
Other comprehensive income	-	-	-	-	-	-	-	-	-
	-	-	3,027,692	-	-	-	3,027,692	4,107	3,031,799
Transaction with owners:									
Deposit for share capital	-	1,400,335	-	-	-	-	1,400,335	-	1,400,335
Transfer to statutory reserves	-	-	(893,773)	893,773	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	(202,077)	-	-	202,077	-	-	-
	-	1,400,335	(1,095,850)	893,773	-	202,077	1,400,335	-	1,400,335
At 31 December 2023	16,000,000	1,400,335	7,076,317	4,344,129	38,684	2,303,598	31,163,063	38,899	31,201,963

BANK	Share capital	Deposit for Share Capital	Retained earnings	Statutory reserves	Fair value reserve	Regulatory risk reserve	Total
2024	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 01 January 2024	16,000,000	1,400,335	7,032,703	4,344,129	38,684	2,303,598	31,119,449
Total comprehensive income:							
Profit for the year	-	-	8,031,235	-	-	-	8,031,235
Other comprehensive income	-	-	-	-	(164,075)	-	(164,075)
	-	-	8,031,235	-	(164,075)	-	7,867,160
Transaction with owners:							
Transfer to statutory reserves	-	-	(2,409,371)	2,409,371	-	-	-
Transfer to Share Capital	1,400,335	(1,400,335)	-	-	-	-	-
Additional Capital (Right Issue)	1,566,962	-	-	-	-	-	1,566,962
Bonus Issue	7,032,703	-	(7,032,703)	-	-	-	-
Transfer to regulatory risk reserve	-	-	(2,611,670)	-	-	2,611,670	-
	10,000,000	(1,400,335)	(12,053,743)	2,409,371	-	2,611,670	1,566,962
At 31 December 2024	26,000,000	-	3,010,195	6,753,499	(125,390)	4,915,268	40,553,572
2023	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 01 January 2023	16,000,000	-	5,149,311	3,450,356	38,684	2,101,521	26,739,873
Total comprehensive income:							
Profit for the year	-	-	2,979,242	-	-	-	2,979,242
Other comprehensive income	-	-	-	-	-	-	-
	-	-	2,979,242	-	-	-	2,979,242
Transfer to statutory reserves	-	-	(893,773)	893,773	-	-	-
Transfer to regulatory risk reserve	-	-	(202,077)	-	-	202,077	-
Deposit for share capital	-	1,400,335	-	-	-	-	1,400,335
	-	1,400,335	(1,095,850)	893,773	-	202,077	1,400,335
At 31 December 2023	16,000,000	1,400,335	7,032,703	4,344,129	38,684	2,303,598	31,119,450

Consolidated and Separate Statement of Cash Flow

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000		Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
	Note				
Cash flows from operating activities					
Profit before income tax		11,427,448	3,665,118	11,390,937	3,616,118
<i>Adjustments for non-cash items:</i>					
Depreciation charge on property and equipment	22	219,280	201,093	213,859	200,559
Depreciation charge on right of use asset	13	15,930	15,887	15,930	15,887
Amortisation of intangible assets	21	188,093	156,925	179,522	148,355
Gain on disposal of Property plant and equipment	12	(3,267)	(14,077)	(3,267)	(14,077)
Interest income	6	(32,317,970)	(24,267,970)	(31,961,798)	(23,924,590)
Interest expense	7	26,444,470	22,338,063	25,938,796	22,110,025
Impairment charge on loans and advances	8	240,757	344,471	240,757	344,471
Impairment writeback on contingent assets	8	(146,591)	-	(146,591)	-
Impairment (writeback)/charge on investment securities & pledged assets	8	(91,039)	73,137	(91,039)	73,137
Net gains on financial instruments	10	(2,427,392)	(44,171)	(2,214,987)	(41,654)
Exchange gain	11	(2,302,074)	(853,480)	(2,302,074)	(853,480)
		1,247,645	1,614,996	1,260,046	1,674,752
Changes in working capital					
Mandatory reserve deposits with the Central Bank of Nigeria	39(ii)	5,781,104	9,714,681	5,780,054	9,714,681
Loans and advances to customers	39(iii)	7,719,264	(8,237,655)	7,666,191	(8,714,184)
Loans and advances to Banks	39iv				
Financial instruments - FVTPL	39(iv)	2,691,880	202,367	2,214,987	41,654
Derivative assets		-	9,214,855	-	9,214,855
Derivative liabilities		-	(9,160,449)	-	(9,160,449)
Other assets	39(v)	6,387,936	(57,479,231)	6,424,808	(57,471,587)
Due to banks	39(vi)	4,778,710	(11,100,963)	4,778,710	(11,100,963)
Due to customers	39(vii)	(4,574,147)	10,128,267	(4,520,146)	10,925,329
Other liabilities	39(viii)	33,513,204	54,030,606	33,513,687	54,047,600
Cash from operations		56,297,950	(2,687,522)	55,858,289	(2,503,064)
Interest received	39(ix)	32,047,443	25,327,241	31,463,581	24,855,865
Interest paid	39(x)	(25,252,104)	(22,667,290)	(24,757,835)	(22,426,239)
Income tax paid	14	(311,283)	(243,537)	(310,233)	(242,659)
Net cash generated from/(used in) operating activities		62,782,006	(271,108)	62,253,802	(316,098)
Cash flows from investing activities					
Pledged assets	39(xi)	(3,385,065)	36,999,716	(3,385,065)	36,999,716
Purchase of Investment securities	39(xii)	(120,598,504)	(50,106,679)	(120,598,505)	(50,111,179)
Disposal of Investment securities	39(xii)	113,718,560	4,112,528	114,243,620	5,287,950
Purchase of property, plant and equipment	22	(561,347)	(156,877)	(561,348)	(136,577)
Proceeds from sale of property and equipment	39(i)	4,200	16,177	4,200	16,177
Purchase of intangible assets	21	(550,541)	226,648	(550,541)	226,649
Net cash from/(used in) investing activities		(11,372,697)	(8,908,487)	(10,847,638)	(7,717,264)
Cash flows from financing activities					
Deposit for share capital	28	-	1,400,335	-	1,400,335
Additional Capital (Right Issue)	28	1,566,962	-	1,566,962	-
Net cash generated from/(used in) financing activities		1,566,962	1,400,335	1,566,962	1,400,335
Increase/ (decrease) in cash and cash equivalents		54,811,625	(6,085,175)	54,820,880	(4,879,185)
At start of year		32,234,510	38,319,682	32,080,415	36,959,600
Effect of exchange rate changes on cash and cash equivalents		587,708	79,090	587,708	79,090
Cash and cash equivalents at end of year		87,046,135	32,234,510	86,901,295	32,080,415
Cash and cash equivalents comprise:					
Balances with banks	16	70,209,318	27,428,296	70,064,479	27,274,201
Placement with banks	16	16,836,817	4,806,214	16,836,816	4,806,214
		87,046,135	32,234,510	86,901,295	32,080,415

The accompanying notes form an integral part of the financial statements.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

1.0 General Information

Nova Commercial Bank Limited ("the Bank") was incorporated on 17 May 2017 in Nigeria and is intended to carry on in Nigeria the business of Banking as may be prescribed by the Central Bank of Nigeria (CBN). Nova Commercial Bank Limited ("the Bank") was Incorporated on May 17, 2017, in Nigeria as a Merchant Bank. It transitioned to a Commercial Bank in July 2024 and currently operates in Nigeria, providing Commercial Banking services as prescribed by the Central Bank of Nigeria (CBN). The address of the registered office is 23 Kofo-Abayomi Street, Victoria Island, Lagos.

The Bank obtained its banking licence on 13 December 2017 with a focus on wholesale and investment banking.

These separate and consolidated financial statements, for the year ended 31 December 2024, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entity") respectively. The Parent and the Group are primarily involved in Retail, wholesale and investment banking."

2.0 Summary of material accounting policy

The accounting policies adopted in the preparation of the financial statement of Nova Bank Limited and its subsidiaries ("the Group"), are set out below:

2.1 Basis of preparation

Statement of compliance with International Financial Reporting Standards

The Consolidated and separate financial statements of the parent and the group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, the Financial Reporting Council Act and relevant CBN circulars and guidelines.

The financial statements are presented in naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated. The financial statements have been prepared on a historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Hold to collect and sell financial assets are measured at fair value through other comprehensive income.

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying IFRS accounting policies.

Changes in accounting policy, disclosures, new standards, amendments and interpretations not yet adopted

Adoption of amended standards effective for the current financial year

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1

These amendments clarify the criteria for classifying liabilities as current or non-current, particularly in relation to covenants. The Group has determined that these changes do not materially affect its classification of liabilities, as the right to defer settlement for at least 12 months after the reporting date remains intact

Lease Liability in Sale and Leaseback – Amendments to IFRS 16

These amendments address how a seller-lessee accounts for a sale and leaseback transaction after the date of the transaction. The Group has evaluated its leaseback transactions and concluded that the amendments do not significantly alter the measurement or presentation of its lease liabilities.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

These amendments introduce new disclosure requirements to enhance transparency regarding supplier finance arrangements. The Group does not have any such arrangements in place, and as such, this amendment does not any impact on the current year financial statements.

New standards and interpretations not yet adopted

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027), Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027), IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercise control.

Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Control exists when the Parent has:

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

- [i] power over the investee;
- [ii] exposure, or rights, to variable returns from its involvement with the investee; and
- [iii] the ability to use its power over the investee to affect the amount of the investor's returns

The Group reassess periodically whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity.

The Group assesses existence of control where it does not have more than 50% of the voting power i.e. when it holds less than a majority of the voting rights of an investee. A group considers all relevant facts and circumstances in assessing whether or not its voting rights are sufficient to give it power, including:

- '[i]a contractual arrangement between the group and other vote holders
- [ii] rights arising from other contractual arrangements
- '[iii] the group's voting rights (including voting patterns at previous shareholders' meetings)
- [iv] potential voting rights

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement

(b) Business combinations

The Group applies IFRS 3 Business Combinations (revised) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a gain from a bargain purchase is recognised immediately in statement of comprehensive income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

(c) Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

The gain/loss arising from disposal of subsidiaries is included in the profit/loss of discontinued operations in the statement of comprehensive income, if the disposal subsidiary meets the criteria specified in IFRS 5. Foreign currency translation differences become realised when the related subsidiary is disposed.

(e) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(f) Transactions eliminated on consolidation

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Foreign currency translation

2.3.1 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The financial statements of the Group are presented in Nigerian naira, which is the functional currency of the Group.

2.3.2 Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the Income statement are presented net in the Income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

2.4a Interest income and expense

Interest income and expense for all interest-earning and interest-bearing financial instruments are recognised in the income statement within "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

2.4b Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and sales commission, placement fees and syndication fees, are recognised as the related services are performed (over time). When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment year (over-time).

2.5. Financial assets and liabilities

2.5.1 Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. The Group uses settlement date accounting for regular way contracts when recording financial asset & liability transactions, i.e. the date the Group receives value for purchase or sales of assets.

Embedded derivative

An embedded derivative is defined as a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Embedded derivatives are not separated for accounting purposes if the non-derivative host is a financial asset within the scope of IFRS 9 i.e. the classification criteria of IFRS 9 are applied to the financial asset as a whole.

An embedded derivative is separated from the host contract if, and only if, all of the criteria below are met:

>the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

>a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

>the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

2.5.2 Classification and Measurement

Financial Assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for expected credit loss in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Other Income in the Consolidated Statement of Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Consolidated Statement of Income using the effective interest rate method. Impairment on financial assets measured at FVOCI is calculated using the expected credit loss approach.

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI).

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

c) Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Other Income. Realized and unrealized gains and losses are recognized as part of trading Income in the Consolidated Statement of Income.

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option

d) Equity Instruments

The group initially measured all equity investments at fair value through profit or loss. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in net gains/(loss) on investment securities in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial Liabilities

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

e) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. The

Financial liabilities designated at FVTPL are measured at fair value with changes in fair value recognized in the income statement

f) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from Groups or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied.

2.5.3. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from Business Model 1 to Business Model 2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Group's business model as determined by management based on facts and circumstances.

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

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

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

2.5.4. Modification of financial assets and liabilities

a. Financial assets

When the contractual terms of a financial asset are modified, the Group 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 derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Group shall assess whether there has been a significant increase in the credit risk of the financial instrument by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms)

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

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the Group shall also consider qualitative factors as detailed below.

Qualitative criteria

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a ; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency

Other factor to be considered:

- Extension of maturity dates: 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 derecognized (see above) 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.

De-recognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and 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 recognized in other comprehensive income is recognized in profit or loss.

b. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Group 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 extinguished and the new financial liability with modified terms is recognised in profit or loss.

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2.5.5. Impairment of Financial Assets

In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measuring the Expected Credit Loss

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per Definition of default and credit-impaired above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

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When estimating the ECLs, the Group considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limitation in recoveries achieved across different borrower. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

- The Group uses internal subject matter experts from Risk, Treasury and Business Divisions to consider a range of relevant forward looking data, including macro-economic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs.
- Macro-economic variables taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.
- Macro-economic variables considered have strong statistical relationships with the risk parameters (LGD, EAD, CCF and PD) used in the estimation of the ECLs, and are capable of predicting future conditions that are not captured within the base ECL calculations.
- Forward looking adjustments for both general macro-economic adjustments and more targeted at portfolio / industry levels. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Macroeconomic factors

The Group relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, central Group base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

The macroeconomic variables and economic forecasts as well as other key inputs are reviewed and approved by management before incorporated in the ECL model. Any subsequent changes to the forward looking information are also approved before such are inputted in the ECL model.

The macro economic variables are obtained for 3 years in the future and are reassessed every 6 months to ensure that they reflect prevalent circumstances and are up to date.

Where there is a non-linear relationships, one forward-looking scenario is never sufficient as it may result in the estimation of a worst-case scenario or a best-case scenario. The Group's ECL methodology considers weighted average of multiple economic scenarios for the risk parameters (basically the forecast macroeconomic variables) in arriving at impairment figure for a particular reporting period. The model is structured in a manner that the final outcome, which is a probability cannot be negative.

SICR is assessed once there is an objective indicator of a deterioration in credit risk of customer. In addition, the Group as part of its routine credit processes perform an assessment on a quarterly basis to identify instances of SICR.

Multiple forward-looking scenarios

The Group determines allowance for credit losses using three probability-weighted forwardlooking scenarios. The Group considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Group, Central Group of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

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Assessment of significant increase in credit risk (SICR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Group adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau, etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

As a back-stop, when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is included in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are included in stage 3 of the impairment model.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows 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 lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter Groupruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

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, loans that are more than 90 days past due are considered impaired.

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

- The market's assessment of creditworthiness as reflected in the yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- 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.

Presentation of allowance for ECL in the statement of financial position

Loan 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 Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group 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 the fair value reserve.

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2.5.6. Write-off

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- the Group's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Group. Credit write-off approval shall be documented in writing and properly initialed by the approving authority.

A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

2.5.7. Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or Groupruptcy of the company or the counterparty.

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

2.5.8 Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

2.5.9. Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities 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 recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are designated as held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

2.5.10. Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis.

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

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

2.5.11. Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

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- The amount of the loss allowance
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in Note 4.1.3). The Bank has not provided any commitment to provide loans at a below-market interest rate or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.5.12. Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise, deposit held at call with banks, other short term highly liquid investment, cash portion of investments in foreign securities, bank balances with foreign banks, sundry currencies balances and time deposits which are readily convertible into cash with an initial maturity of three months or less.

2.6. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The group commences depreciation when the asset is available for use. Land (if any) are not depreciated.

The estimated useful lives are, as follows:

- Office equipment – 5 years
- IT equipment – 5 years
- Furniture and fittings – 5 years
- Motor vehicles – 5 years
- Leasehold improvement – 10 years
- Building – 40 years
- Plant and machinery – 5 years

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset not available for use (including capital work in progress) are not depreciated. Upon completion capital work in progress assets are transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

2.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite. The estimated useful life of Computer software is five years. Amortisation methods, useful lives and residual values are reviewed at each financial year and adjusted if appropriate.

Intangible assets with finite lives are amortised on a straight-line basis over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in amortisation of intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

The annual amortisation rate generally in use for the current and comparative year is as follows:

- Computer software – 5 years

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2.8. Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or band of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.8. Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

Contingent assets and liabilities

Contingent liability is defined as:

- a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b. a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are never recognized rather they are disclosed in the financial statements when an outflow of economic benefit is possible except when the outcome is considered to be remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent assets are never recognized rather they are disclosed in the financial statements when an outflow of economic benefit is probable.

2.9. Taxes

2.9.1. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

The Bank has no uncertain taxes as at 31 December 2024.

Current income tax relating to items recognised directly is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in the notes.

2.9.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The group also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Bank's intention to settle on a net basis.

2.9.3. Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the Amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9.4. Windfall levy

The 2024 Finance (Amendment) Act imposes a 70% levy on Nigerian banks' realized profits from foreign exchange (FX) transactions between 2023 and 2025, following the Naira exchange rate unification. Deposit Money Banks (DMBs) must report all FX transactions to the Federal Inland Revenue Service (FIRS). The levy applies to profits from all FX transactions, including gains from FX assets (interest, fees, commissions), trading, derivatives, conversions, repatriation, arbitrage, and hedging terminations. Unrealized gains are excluded. DMBs must calculate realized profits based on transaction and settlement date exchange rates, report net gains for complex transactions, use market spot rates where applicable, maintain detailed documentation, and comply with International Financial Reporting Standards (IAS 21).

2.10. Employee benefits

The Bank operates defined contribution pension scheme.

Pensions and other post-employment benefits

Defined contribution pension plan

Defined contribution plan

The Bank operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the plan, the employee contributes 8% of basic salary, housing and transport allowances and the Bank contributes 10% on the same basis. Pension remittances are made to various PFAs on behalf of the Bank's staff on a monthly basis. The Bank has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'personnel expenses'. Unpaid contributions are recorded as a liability.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:

- the group has the right to operate the asset; or
- the group designed the asset in a way that predetermines how and for what purpose it will be used.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

The group has only one lease asset which is the building in which its operations are carried out. The contractual lease term is 10 years. However, it is reasonably certain that the group will extend its lease by another 10 years based on the lease contract agreement. The contract contains both lease and non-lease components. The group has elected to separate lease and non-lease components and treat them accordingly. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2.11.1 Lease liabilities

At commencement date of a lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Bank's incremental borrowing rate, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. This rate is benchmarked to CBN Prime lending rate.

Extension and termination options

Extension and termination options are included in most of the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. Most of the extension options are subject to mutual agreement by the Bank and the lessors and some of the termination options held are exercisable only by the Bank.

2.11.2 Right of use assets

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and- restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low value

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. low value assets). Low-value assets are assets with lease amount of less than N1 million when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense in profit or loss on a straight-line basis over the lease term. The group has no leases of low value as at 2024 (2023: Nil).

Extension and termination options

Extension and termination options are included in all of the group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. Most of the extension options are subject to mutual agreement by the Bank and the lessors and some of the termination options held are exercisable only by the group.

2.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3.0 Critical accounting estimates and judgements

Critical judgements

(i) Extension and termination options - Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the group.

(ii) Uncertain tax position

Determining the provision for income taxes involves significant estimates. The Group records liabilities for expected tax audit issues based on estimates of potential additional taxes. If the final tax outcomes differ from the initial amounts recorded, these differences will affect the income tax and deferred tax provisions in the period of determination. Income taxes also require judgement on the recognition of deferred tax assets, which depends on assessing the likelihood and timing of future taxable profits to utilize carried-forward tax losses.

Critical accounting estimates

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:

- Allowances for credit losses
- Valuation of financial instruments
- Assessment of recoverability of deferred tax assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements. Management has assessed the first through estimates as having the key sources of estimation certainty, and are explained in further detail below. The other estimates have been assessed in their individual accounting policies.

(i) Allowances for credit losses

Loans and advances to banks and customers are accounted for at amortised cost and are evaluated for impairment on a basis described in accounting policy (see note 2.5.5)

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
 - The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
 - The segmentation of financial assets when their ECL is assessed on a collective basis
 - Development of ECL models, including the various formulas and the choice of inputs
 - Determination of associations between macroeconomic scenarios and, economic inputs, such as exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
 - Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(ii) Valuation of financial instruments

At 31 December 2024, the carrying value of the Group's financial instrument assets held at fair value was N48.4 billion (2023: N156 million).

In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 is determined using valuation techniques including discounted cash flow analysis and valuation models.

The valuation techniques for level 2 and, particularly, level 3 financial instruments involve management judgement and estimates the extent of which depends on the complexity of the instrument and the availability of market observable information. Details about sensitivities to market risk arising from treasury positions can be found in Note 5.2.1.

The Group issued a N10bn unsecured subordinated bond on July, 23, 2020 with a coupon rate of 12% payable semi-annually. The bond has a tenor of 7 years and is due on July, 2027. This is Series 1 of the Group's N50bn Bond programme issued via Novamb Investments SPV Plc. The subscription offer for this series contains a provision for early redemption in Year 5 at a redemption amount of N10bn. This call option is an embedded derivative which has not been separated from the host contract as the exercise price is approximately equivalent to the amortised cost at year 5.

(iii) Review of useful life and residual value of property and equipment and intangible assets

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment and intangibles will have an impact on the carrying value of these items. Areas where significant estimate are significant are disclosed in Note 21 and 22. Specifically, depreciation of property and equipment and amortisation of intangible assets

(iv) Impairment of non-current assets

The Group assesses its non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This involves significant judgment and estimation, particularly in determining the appropriate cash-generating units (CGUs), estimating future cash flows, and selecting the discount rates used in the value-in-use calculations.

For the year ended December 31, 2024, the Group reviewed its non-current assets, including property, plant, and equipment, and intangible assets, for any indicators of impairment. Based on this review, the Group determined that there were no indicators of impairment. Consequently, no value-in-use calculations were performed, and the carrying amounts of the non-current assets were deemed recoverable.

(v) Contingent liabilities

The Group assesses contingent liabilities based on the likelihood of future events that may result in a financial obligation. This process requires significant judgment and estimation, particularly in evaluating the probability of occurrence and the potential impact on the Group's financial position.

For the year ended December 31, 2024, the Group reviewed its contingent liabilities and found no indicators suggesting events that would lead to a material financial obligation. The total amount claimed against the Group is estimated at N17 million as of December 31, 2024 (December 31, 2023: N50 million). This has been disclosed in Note 32a.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4.0 Financial instruments

The table below analyses financial and non-financial instruments measured at fair value at the end of the financial year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

4.1.1 Recurring fair value measurements

GROUP

N'000

December 2024

	Level 1	Total
Assets		
Investment securities		
Mutual funds FVTPL	379,489	379,489
Quoted Equity FVTPL	39,717	39,717
Nigerian Treasury Bills FVOCI	49,344,080	49,344,080
Nigerian Treasury Bills FVTPL	10,098,325	10,098,325
Federal Government of Nigeria (FGN) bonds FVOCI	4,500	4,500
	<u>59,866,110</u>	<u>59,866,110</u>

December 2023

	Level 1	Total
Assets		
Investment securities		
Mutual funds FVTPL	152,033	152,033
Quoted Equity FVTPL	2,687	2,687
Nigerian Treasury Bills FVOCI	-	-
Federal Government of Nigeria (FGN) bonds FVOCI	4,500	4,500
	<u>159,220</u>	<u>159,220</u>

BANK

December 2024

	Level 1	Total
Assets		
Investment securities		
Nigerian Treasury Bills FVOCI	49,344,080	49,344,080
Nigerian Treasury Bills FVTPL	10,098,325	10,098,325
	<u>59,442,405</u>	<u>59,442,405</u>

There were no transfers between levels 1 and 2 during the year.

There were no transfers between levels 1 and 2 during the year.

4.1.2 Recognised fair value measurements

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily classified as trading securities or FVOCI investments.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3

There were no level 3 financial instruments with recurring fair value measurements as at year end.

(d) Valuation of financial instruments

Valuation techniques used to derive Level 2 fair values

There were no level 2 financial instruments with recurring fair value measurements as at year end.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

4.2 The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

GROUP	Fair value through profit or loss	Amortized cost	FVOCI	Financial Liabilities at fair value	Carrying amount	Fair value	FV Hierarchy
<i>N'000</i>							
31 December 2024							
Balances with banks	-	114,469,738	-	-	114,469,738	114,469,738	Level 3
Loans and advances to customers	-	96,424,484	-	-	96,424,484	96,424,484	Level 3
Pledged assets							
- Bonds	-	10,459,214	-	-	10,459,214	10,459,214	Level 1
Investment securities	10,517,532	7,269,760	49,348,580	-	67,135,871	67,135,871	Level 1/2
Other assets	-	82,160,512	-	-	82,160,512	82,160,512	Level 3
	10,517,532	310,783,707	49,348,580	-	370,649,818	370,649,818	
Due to Banks	-	19,813,896	-	-	19,813,896	19,813,896	Level 3
Deposits	-	157,738,447	-	-	157,738,447	157,738,447	Level 3
Other liabilities	-	141,446,511	-	-	141,446,511	141,446,511	Level 3
Other borrowed fund	-	10,419,652	-	-	10,419,652	10,419,652	Level 3
	-	329,418,505	-	-	329,418,505	329,418,505	
<i>In thousands of Naira</i>							
31 December 2023							
Balances with banks	-	65,439,217	-	-	65,439,217	65,439,217	Level 3
Loans and advances to customers	-	103,480,432	-	-	103,480,432	103,480,432	Level 3
Pledged assets							
- Treasury bills	-	2,662,227	-	-	2,662,227	2,662,227	Level 1
- Bonds	-	4,421,672	-	-	4,421,672	4,421,672	Level 1
Investment securities	154,720	60,501,980	4,500	-	60,661,200	60,661,200	Level 1/2
Other assets	-	88,320,364	-	-	88,320,364	88,320,364	Level 3
	154,720	324,825,892	4,500	-	324,985,112	324,985,112	
Due to Banks	-	15,353,153	-	-	15,353,153	15,353,153	Level 3
Derivative financial liabilities	-	-	-	-	-	-	Level 2
Deposits	-	161,801,662	-	-	161,801,662	161,801,662	Level 3
Other liabilities	-	108,078,226	-	-	108,078,226	108,078,226	Level 3
Other borrowed fund	-	10,414,226	-	-	10,414,226	10,414,226	Level 3
	-	295,647,267	-	-	295,647,267	295,647,267	

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

BANK							
<i>In thousands of Naira</i>	Fair value through profit or loss	Amortized cost	FVOCI	Financial Liabilities at fair value	Total carrying amount	Fair value	FV Hierarchy
31 December 2024							
Balances with banks	-	114,324,898	-	-	114,324,898	114,324,898	Level 3
Loans and advances to customers	-	97,692,587	-	-	97,692,587	97,692,587	Level 3
Pledged assets							
- Bonds	-	10,459,214	-	-	10,459,214	10,459,214	Level 1
Investment securities	10,098,325	6,613,156	49,344,080	-	66,055,561	66,055,561	Level 2
Other assets	-	82,185,900	-	-	82,185,900	82,185,900	Level 3
	10,098,325	311,275,755	49,344,080	-	370,718,160	370,718,160	
Due to Banks	-	19,813,896	-	-	19,813,896	19,813,896	Level 3
Deposits	-	158,553,929	-	-	158,553,929	158,553,929	Level 3
Other liabilities	-	141,415,885	-	-	141,415,885	141,415,885	Level 3
Other borrowed fund	-	10,526,264	-	-	10,526,264	10,526,264	Level 3
	-	330,309,974	-	-	330,309,974	330,309,974	
<i>In thousands of Naira</i>	Fair value through profit or loss	Amortized cost	FVOCI	Financial Liabilities at fair value	Total carrying amount	Fair value	FV Hierarchy
31 December 2023							
Balances with banks	-	65,284,072	-	-	65,284,072	65,284,072	Level 3
Derivative financial assets	-	-	-	-	-	-	Level 2
Loans and advances to customers	-	104,695,462	-	-	104,695,462	104,695,462	Level 3
Pledged assets							
- Treasury bills	-	2,662,227	-	-	2,662,227	2,662,227	Level 1
- Bonds	-	4,421,672	-	-	4,421,672	4,421,672	Level 1
Investment securities							
-Treasury bills	-	45,342,433	-	-	45,342,433	45,342,433	
-Bonds	-	12,186,030	-	-	12,186,030	12,186,030	
-Commercial Paper	-	2,085,312	-	-	2,085,312	2,085,312	
Other assets	-	88,699,842	-	-	88,699,842	88,699,842	Level 3
	-	325,377,050	-	-	325,377,050	325,377,050	
Due to Banks	-	15,353,153	-	-	15,353,153	15,353,153	Level 3
Derivative financial liabilities	-	-	-	-	-	-	Level 2
Deposits	-	162,567,469	-	-	162,567,469	162,567,469	Level 3
Other liabilities	-	108,047,430	-	-	108,047,430	108,047,430	Level 3
Other borrowed fund	-	10,527,916	-	-	10,527,916	10,527,916	Level 3
	-	296,495,968	-	-	296,495,968	296,495,968	

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.0 Financial risk

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

5.1 Credit risk

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

Nova Bank Limited is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties.

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

5.1.1 Credit quality analysis

Nova Bank Limited uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as turnover and industry type) is fed into this rating model. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The following are additional considerations for each type of portfolio held by the Bank:

Corporate

For wholesale business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating.

Treasury

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the 12 months, as published by the rating agency.

5.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 2.5.5 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 2.5.5 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 2.5.5 includes an explanation of how the Bank has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following table summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

5.1.2.1 Significant increase in credit risk

The Bank considers a financial instrument to have experienced a significant increase in credit risk when the qualitative and backstop criteria detailed below have been met:

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Quantitative criteria

The quantitative criteria is based on either absolute or relative changes in credit quality. In both cases, the Bank is expected to specify the percentage change, for either 12-month or lifetime PDs in comparison to the corresponding 12-month or lifetime PDs as calculated at origination, respectively, that would indicate a significant increase in credit risk since origination.

Qualitative criteria:

Forward transitions: Credit Ratings

The Bank specifies the number of notch increases that will be viewed as a significant increase in credit risk since origination. Assuming the account is currently classified as Stage 1, if the current credit rating increases by more notches than the specified number since origination, the account is classified as Stage 2.

In addition, if the accounts current credit rating is worse than the default credit rating indicator, also specified by the Bank, the account is classified as Stage 3.

These credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. 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 at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

	All exposures
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Payment record —this includes overdue status as well as a range of variables about payment ratios.
<ul style="list-style-type: none"> Data from credit reference agencies, press articles, changes in external credit ratings 	<ul style="list-style-type: none"> Utilisation of the granted limit.
<ul style="list-style-type: none"> Quoted prices for the borrower where available. 	<ul style="list-style-type: none"> Requests for and granting of forbearance.
<ul style="list-style-type: none"> Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities. 	<ul style="list-style-type: none"> Existing and forecast changes in business, financial and economic conditions.

Using qualitative criteria, the Bank has defined significant increase in credit risk as a minimum rating downgrade of two notches.

Forward transitions: Backstop Criteria

Transition from Stage 1 to Stage 2 is based on the 30 days past due presumption. Transition from Stage 2 to Stage 3 is based on the 90 days past due presumption. The table below summarises the Stage classification based on the days past due.

1	0 to 29
2	30 to 89
3	90+

Forward transitions: Watchlist & Restructure

The Bank classifies accounts that are included on their Watchlist or have been restructured as Stage 2. For restructures, however, the Bank can specify if the restructure is due to a significant increase in credit risk.

5.1.2.2 Definition of default

Banks considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments .

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance.
- The borrower is deceased.
- The borrower is insolvent.
- The borrower is in breach of financial covenant(s).
- An active market for that financial asset has disappeared because of financial difficulties.
- Concessions have been made by the lender relating to the borrower's financial difficulty.
- It is becoming probable that the borrower will enter bankruptcy.
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The Lifetime PD is developed by applying a maturity profile to the current 12months PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The calculation of ECL incorporate forward-looking information. The Bank maps the internal ratings assigned to individual obligor to an external rating. The obligor then take on the PD term structure corresponding the assigned external ratings.

To make these PDs sensitive to macroeconomic variables, the sensitivities of a peer company default rates to some macroeconomic factors were used to extrapolate adjustment scalars that conditioned the PD for the impact of forecast macroeconomic variables. These economic variables and their associated impact on the impairment parameters vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables are provided by the risk management department and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the impairment parameters has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

In addition to the base economic scenario, the risk management department also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the qualitative and backstop indicators. This determines whether the 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). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. 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.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.3 Credit risk exposure

5.1.3.1 Maximum exposure to credit risk – Financial instruments subject to impairment

For ECL purposes, the Bank's financial asset is segmented into sub-portfolios as listed below

- Corporate loan portfolio
- Placement with other banks
- Off balance sheet exposures
- Investment securities

Credit quality per class

N'000

	GROUP 2024					GROUP 2023				
	Stage 1		Stage 2		Stage 3	Stage 1		Stage 2		Stage 3
	Gross amount	Gross amount	Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Loans to customers portfolio										
Credit grade										
Investment grade	95,233,968	-	1,811,106	(620,590)	96,424,484	103,957,423	1,004,791	113,080	(379,832)	104,695,461
	Bank 2024					Bank 2023				
Loans to customers portfolio										
Credit grade										
Investment grade	96,502,071	-	1,811,106	(620,590)	97,692,587	103,957,423	1,004,791	113,080	(379,832)	104,695,461
	GROUP 2024					GROUP 2023				
Off balance sheet engagement										
Credit grade										
Investment grade	10,229,576	-	-	(193,268)	10,036,308	73,542,856	-	1,269,671	(193,268)	74,619,259
	Bank 2024					Bank 2023				
Off balance sheet engagement										
Credit grade										
Investment grade	10,229,576	-	-	(193,268)	10,036,308	73,542,856	-	1,269,671	(193,268)	74,619,259
	GROUP 2024					GROUP 2023				
Investment securities										
Credit grade										
Investment grade	67,150,702	-	-	(14,831)	67,135,871	59,729,395	-	-	(115,620)	59,613,775

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Bank 2024					Bank 2023				
Investment securities	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	66,070,391	-	-	(14,831)	66,055,560	59,729,395	-	-	(115,620)	59,613,775
	GROUP 2024					GROUP 2023				
Pledged assets	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	10,482,703	-	-	(23,489)	10,459,214	7,097,638	-	-	(13,739)	7,083,899
	Bank 2024					Bank 2023				
Pledged assets	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	10,482,703	-	-	(23,489)	10,459,214	7,097,638	-	-	(13,739)	7,083,899
	GROUP 2024					GROUP 2023				
Balances with banks	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	114,469,738	-	-	-	114,469,738	65,439,217	-	-	-	65,439,217
	Bank 2024					Bank 2023				
Balances with banks	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	114,324,898	-	-	-	114,324,898	65,284,072	-	-	-	65,284,072
	GROUP 2024					GROUP 2023				
Other assets	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	82,184,478	-	-	(23,966)	82,160,512	88,320,364	-	-	-	88,320,364
	Bank 2024					Bank 2023				
Other assets	Stage 1	Stage 2 Gross amount	Stage 3			Stage 1	Stage 2	Stage 3		
Credit grade	Gross amount		Gross amount	ECL	Carrying amount	Gross amount	Gross amount	Gross amount	ECL	Carrying amount
Investment grade	82,525,727	-	-	(23,966)	82,501,761	88,699,842	-	-	-	88,699,842

All credit risk exposures on financial instruments for which ECL allowance is recognised have been classified as stage 1, 2 and 3 investment grade.

The bank has not impaired balances with banks and other assets as it considers them to have low credit risk. This is because there has not been any increase in credit risk related to the balances in the year ended 31 December 2024.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.3.2 Collateral and other credit enhancements

Nova Commercial Bank Limited employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. Nova Merchant Bank Limited has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers.

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

5.1.3.3 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

GROUP

N'000

2024

Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
-------------------------	-------------------------	----------------------------	----------------------------------	-------

Corporate loan portfolio

Loss allowance as at 1 January 2024	360,849	-	18,984	-	379,833
Increase/(Decrease) in allowance	82,755	-	158,002	-	240,757
Loss allowance as at 31 December 2024	443,604	-	176,986	-	620,589

Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
-------------------------	-------------------------	----------------------------	----------------------------------	-------

Off balance sheet engagement

Loss allowance as at 1 January 2024	11,197	5,483	176,587	-	193,268
Increase/(Decrease) in allowance	35,480	(5,483)	(176,587)	-	(146,591)
Loss allowance as at 31 December 2024	46,677	-	-	-	46,677

2023

Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
-------------------------	-------------------------	----------------------------	----------------------------------	-------

Corporate loan portfolio

Loss allowance as at 1 January 2023	24,458	5,559.75	5,343	-	35,361
Increase/(Decrease) in allowance	336,391	(5,560)	13,641	-	344,472
Loss allowance as at 31 December 2023	360,849	-	18,984	-	379,833

Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
-------------------------	-------------------------	----------------------------	----------------------------------	-------

Off balance sheet engagement

Loss allowance as at 1 January 2023	11,197	5,483	176,587	-	193,268
Increase/(Decrease) in allowance	-	-	-	-	-
Loss allowance as at 31 December 2023	11,197	5,483	176,587	-	193,268

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

**BANK
2024**

Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
12-month ECL	Lifetime ECL	Lifetime ECL		

Corporate loan portfolio

Loss allowance as at 1 January 2024	360,849	-	18,984	-	379,833
Increase/(Decrease) in allowance	82,755	-	158,002	-	240,757
Loss allowance as at 31 December 2024	443,604	-	176,986	443,604	620,589

Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
12-month ECL	Lifetime ECL	Lifetime ECL		

**Off balance sheet
engagement**

Loss allowance as at 1 January 2024	11,197	5,483	176,587	-	193,268
Increase/(Decrease) in allowance	35,480	(5,483)	(176,587)	-	(146,591)
Loss allowance as at 31 December 2024	46,677	-	-	-	46,677

2023

Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
12-month ECL	Lifetime ECL	Lifetime ECL		

Corporate loan portfolio

Loss allowance as at 1 January 2023	24,458	5,559.75	5,343	-	35,361
Increase/(Decrease) in allowance	336,391	(5,560)	13,641	-	344,472
Loss allowance as at 31 December 2023	360,849	0	18,984	360,848	379,833

2023

Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
12-month ECL	Lifetime ECL	Lifetime ECL		

Corporate loan portfolio

Loss allowance as at 1 January 2023	24,458	5,559.75	5,343	-	35,361
Increase/(Decrease) in allowance	336,391	(5,560)	13,641	-	344,472
Loss allowance as at 31 December 2023	360,849	0	18,984	360,848	379,833

Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
12-month ECL	Lifetime ECL	Lifetime ECL		

**Off balance sheet
engagement**

Loss allowance as at 1 January 2023	11,197	5,483	176,587	-	193,268
Increase/(Decrease) in allowance	-	-	-	-	-
Loss allowance as at 31 December 2023	11,197	5,483	176,587	-	193,268

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.3.4 Days past due

As discussed above in the significant increase in credit risk section, under Nova Commercial Bank Limited's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers.

5.1.4 Sensitivity Analysis

Nova Bank has performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change.

Corporate Portfolios

In establishing sensitivity to ECL estimates for Corporate portfolios, four variables (GDP growth rate, Oil Price, Inflation and US exchange rate were considered). Of this variables, the bank's wholesale portfolio reflects greater responsiveness to GDP growth rate and inflation.

On balance sheet

exposure

GDP growth rate : Given the significant impact on companies performance and collateral valuations.

Inflation : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale portfolios as at 31 December 2024, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	GDP Growth rate			
	-10%	No change	+10%	
Inflation	-10%	31,825	35,361	31,825
	No change	-	-	-
	+10%	(38,897)	(35,361)	(38,897)

Off balance Sheet Exposure

GDP growth rate : Given the significant impact on companies performance and collateral valuations

Inflation : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale off balance sheet exposures as at 31 December 2024, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	Gross Domestic Product			
	-10%	No change	+10%	
Inflation	-10%	173,941	193,268	173,941
	No change	-	-	-
	+10%	(212,595)	(193,268)	(212,595)

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.5 Gross loans and advances to customers per sector is as analysed follows:

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Agriculture	19,139,200	10,314,986	19,139,200	10,314,986
Finance and Insurance	1,252,665	23,441	1,252,665	1,238,471
General	226,649	267,203	226,649	267,203
General Commerce	10,495,918	11,952,016	11,764,022	11,952,016
Manufacturing	41,095,058	54,275,176	41,095,058	54,275,176
Oil and Gas	21,709,767	17,707,496	21,709,767	17,707,496
Power and energy	-	1,111,527	-	1,111,527
Transportation and Storage	2,363,382	2,970,070	2,363,382	2,970,070
Health	762,434	5,224,691	762,434	5,224,691
Information and Communication	-	13,658	-	13,658
	97,045,073	103,860,264	98,313,177	105,075,294

5.1.6 Credit quality by risk rating class

Loans and advances to Corporates

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Internal rating				
AAA	-	-	-	-
AA	-	-	-	-
A	11,819,426	43,400,480	11,819,426	44,615,510
BBB	32,325,619	49,841,907	32,325,619	49,841,907
BB+	23,656,640	6,025,841	24,924,743	6,025,841
BB	22,907,046	4,550,069	22,907,046	4,550,069
B+	-	-	-	-
B-	-	-	-	-
BB-	39,547	41,966	39,547	41,966
B	6,296,796	-	6,296,796	-
	97,045,074	103,860,263	98,313,177	105,075,293
Impairment	(620,590)	(379,832)	(620,590)	(379,832)
Carrying amount	96,424,484	103,480,430	97,692,587	104,695,460

All credit risk exposures are concentrated within Nigeria.

Off balance sheet engagements

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Internal rating				
A	5,370,064	41,753,139	5,370,064	41,753,139
BBB	81,709	10,856,292	81,709	10,856,292
B-	-	-	-	-
BB-	-	43,973	-	43,973
BB+	4,777,802	18,712,412	4,777,802	18,712,412
BB	-	3,428,150	-	3,428,150
B	-	18,560	-	18,560
	10,229,575	74,812,526	10,229,575	74,812,526
Impairment	(193,268)	(193,268)	(193,268)	(193,268)
Carrying amount	10,036,307	74,619,258	10,036,307	74,619,258

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.7 Disclosure of fair value of collateral held against loans and advances to customers

(d) GROUP

2024

N'000

Against neither past due and not impaired

Cash

All Assets Debenture

Negative pledge

Corporate/Cross Company Guarantee

Others

Total

Total

2023

N'000

Against neither past due and not impaired

Cash

All Assets Debenture

Negative pledge

Corporate/Cross Company Guarantee

Others

Total

Total

BANK

2024

N'000

Against neither past due and not impaired

Cash

All Assets Debenture

Negative pledge

Corporate/Cross Company Guarantee

Others

Total

Total

2023

N'000

Against neither past due and not impaired

Cash

All Assets Debenture

Negative pledge

Corporate/Cross Company Guarantee

Others

Total

Total

Level 1	Level 2	Level 3
December 2024		
-	-	-
-	-	35,941,439
-	-	19,403,566
-	-	16,338,034
-	-	24,741,445
-	-	96,424,484
-	-	96,424,484

Level 1	Level 2	Level 3
December 2023		
7,384,519	-	-
-	-	22,202,742
-	-	-
-	-	13,849,323
-	-	60,423,680
7,384,519	-	96,475,745
7,384,519	-	96,475,745

Level 1	Level 2	Level 3
December 2024		
-	-	-
-	-	35,941,439
-	-	19,403,566
-	-	16,338,034
-	-	26,630,138
-	-	98,313,177
-	-	98,313,177

Level 1	Level 2	Level 3
December 2023		
7,384,519	-	-
-	-	22,202,742
-	-	-
-	-	13,849,323
-	-	61,638,710
7,384,519	-	97,690,775
7,384,519	-	97,690,775

Collateral held and other credit enhancements, and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The bank will not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Bank's focus on credit worthiness, the Bank aligns with its credit policy manual to yearically update the validation of collaterals held against all loans to customers. For impaired loans, the Bank obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

The fair values of non-property collaterals (such as equities, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instruments. The stage 3 loans are majorly Ex-staff loans with no collaterals.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.1.8 Credit concentration

The Bank's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Bank's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of net credit risk at the reporting date is shown below:

GROUP

December 2024

N'000

	Corporate	Financial institutions	Government	Others	Total
Balances with banks	-	114,469,738	-	-	114,469,738
Loans and advances to customers	96,424,484	-	-	-	96,424,484
Pledged assets	-	10,482,703	-	-	10,482,703
Investment securities	99,179	-	67,036,692	-	67,150,702
Other assets	-	-	80,446,629	1,737,850	82,184,478
Total	96,523,663	124,952,441	147,483,321	1,737,850	370,712,105

Credit risk exposures relating to other credit commitments at gross amount are as follows:

Clean line facilities for letters of credit and other commitments	10,229,576	-	-	-	10,229,576
Total	10,229,576	-	-	-	10,229,576

December 2023

N'000

	Corporate	Financial institutions	Government	Others	Total
Balances with banks	-	65,439,217	-	-	65,439,217
Derivative financial assets	-	-	-	-	-
Loans and advances to customers	103,480,431	-	-	-	103,480,431
Pledged assets	-	7,097,638	-	-	7,097,638
Investment securities	2,085,312	-	58,575,889	-	59,729,395
Other assets	-	-	72,145,675	16,332,544	88,478,219
Total	105,565,743	72,536,855	130,721,564	16,332,544	324,224,900

Credit risk exposures relating to other credit commitments at gross amount are as follows:

Transaction related to Bonds and guarantees	378,847	-	-	-	378,847
Clean line facilities for letters of credit and other commitments	74,433,679	-	-	-	74,433,679
Total	74,812,526	-	-	-	74,812,526

BANK

December 2024

N'000

	Corporate	Financial institutions	Government	Others	Total
Balances with banks	-	114,324,898	-	-	114,324,898
Financial assets held for trading	-	-	10,098,325	-	10,098,325
Loans and advances to customers	96,424,484	-	-	-	96,424,484
Pledged assets	-	10,459,214	-	-	10,459,214
Investment securities	-	-	66,055,561	-	66,055,561
Other assets	-	-	80,422,663	2,079,099	82,501,761
Total	96,424,484	124,784,112	156,576,549	2,079,099	379,864,243

Credit risk exposures relating to other credit commitments at gross amount are as follows:

Transaction related to Bonds and guarantees	-	-	-	-	-
Clean line facilities for letters of credit and other commitments	10,229,576	-	-	-	10,229,576
Total	10,229,576	-	-	-	10,229,576

December 2023

N'000

	Corporate	Financial institutions	Government	Others	Total
Balances with banks	-	65,284,072	-	-	65,284,072
Derivative financial assets	-	-	-	-	-
Loans and advances to customers	103,480,431	-	-	-	103,480,431
Pledged assets	-	7,083,899	-	-	7,083,899
Investment securities	-	-	58,555,371	2,105,830	60,661,200
Other assets	-	-	72,145,675	16,710,664	88,856,339
Total	103,480,431	72,367,971	130,701,046	18,816,494	325,365,941

Credit risk exposures relating to other credit commitments at gross amount are as follows:

Transaction related to Bonds and guarantees	378,847	-	-	-	378,847
Clean line facilities for letters of credit and other commitments	74,433,679	-	-	-	74,433,679
Total	74,812,526	-	-	-	74,812,526

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.2 Market risk management

The Group trades on treasury bills and foreign currency. Market risk in trading portfolios is monitored and controlled using tools such as position limits and sensitivity limits coupled with concentration limits. The major measurement technique used to measure and control market risk is outlined below.

5.2.1 Sensitivity Analysis

The Group applies a sensitivity analysis to its trading portfolios to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the trading book, which are monitored on a daily basis by Market Risk Unit. Interest rate risk in the non-trading book is measured through the use of interest rate repricing gap analysis.

Sensitivity analysis is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose. The Group applies these historical changes in rates, prices, etc. directly to its current positions. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/ factors used in the calculation.

The Sensitivity method incorporates the factor sensitivities of the trading portfolio, the volatilities of the market risk factors. However, the Bank does not only base its risk estimates on Sensitivity Analysis, it uses Stress Tests to provide an indication of the potential size of losses that could arise in extreme conditions by applying a what-if analysis to further complement it. The results of the stress tests are reviewed by senior management and by the Board of Directors.

The trading book is made up of foreign currencies and treasury bills instruments. The table below illustrates the hypothetical sensitivity of the Bank's trading book to a rise in interest rate by 4% and foreign exchange volatility.

GROUP

Bank Sensitivity by risk type	December 2024			
	Average	High	Low	Actual
N'000				
Foreign exchange risk	(226,568,844)	(297,776,195)	(155,361,493)	(222,828,660)
Interest rate risk	37,027,272	37,882,320	36,781,871	36,417,625
Total	(189,541,573)	(259,893,875)	(118,579,622)	(186,411,035)

Bank Sensitivity by risk type	December 2023			
	Average	High	Low	Actual
N'000				
Foreign exchange risk	2,150,662	3,446,930	269,196	3,869,876
Interest rate risk	(814,292)	(1,794,021)	(129,509)	(350,960)
Total	1,336,370	1,652,909	139,687	3,518,916

BANK

Bank Sensitivity by risk type	December 2024			
	Average	High	Low	Actual
N'000				
Foreign exchange risk	(226,568,844)	(297,776,195)	(155,361,493)	(222,828,660)
Interest rate risk	37,024,575	37,874,320	36,781,791	36,417,615
Total	(189,544,270)	(259,901,875)	(118,579,702)	(186,411,045)

Bank Sensitivity by risk type	December 2023			
	Average	High	Low	Actual
N'000				
Foreign exchange risk	2,150,662	3,446,930	269,196	3,869,876
Interest rate risk	(814,292)	(1,794,021)	(129,509)	(350,960)
Total	1,336,370	1,652,909	139,687	3,518,916

Sensitivity of foreign exchange currencies and impact on profit and equity

As of 31 December 2024, a hypothetical change of +/- 50% in the foreign currency exchange rate, with all other variables remaining constant, would have resulted in an increase or decrease in the profit for the year. This impact is primarily due to foreign exchange gains or losses arising from the translation of financial exposures. These risks stem from fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates.

Group Sensitivity by currency type	December	
	2024	2023
N'000		
USD		
Naira strengthens by 50% (2023: 50%) - decrease in profit and equity	(9,112,749)	(2,892,895)
Naira weakens by 50% (2023: 50%) - increase in profit and equity	9,112,749	2,892,895
GBP		
Naira strengthens by 30% (2023: 30%) - decrease in profit and equity	(7,973,656)	(2,531,283)
Naira weakens by 30% (2023: 30%) - increase in profit and equity	7,973,656	2,531,283
EURO		
Naira strengthens by 20% (2023: 20%) - decrease in profit and equity	(5,695,468)	(1,808,059)
Naira weakens by 20% (2023: 20%) - increase in profit and equity	5,695,468	1,808,059

Bank Sensitivity by currency type	December	
	2024	2023
N'000		
USD		
Naira strengthens by 50% (2023: 50%) - decrease in profit and equity	(9,112,749)	(2,892,895)
Naira weakens by 50% (2023: 50%) - increase in profit and equity	9,112,749	2,892,895
GBP		
Naira strengthens by 30% (2023: 30%) - decrease in profit and equity	(7,973,656)	(2,531,283)
Naira weakens by 30% (2023: 30%) - increase in profit and equity	7,973,656	2,531,283
EURO		
Naira strengthens by 20% (2023: 20%) - decrease in profit and equity	(5,695,468)	(1,808,059)
Naira weakens by 20% (2023: 20%) - increase in profit and equity	5,695,468	1,808,059

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.2.2 A summary of the Bank's interest rate gap position on financial instruments is as follows:

GROUP	Re-pricing year			
	Less than 6 months	7 - 12 months	Above 1 year	Total
<i>N'000</i>				
31 December 2024				
Money market placements	16,836,817	-	-	16,836,817
Loans and advances to customers:	62,815,502	5,476,671	28,132,311	96,424,484
Pledged assets - Bonds	-	-	10,459,214	10,459,214
Investment securities	33,492,712	25,824,649	7,818,510	67,135,871
	113,145,030	31,301,320	46,410,035	190,856,385
Due to Banks	19,813,896	-	-	19,813,896
Customer Deposits	155,943,068	1,795,379	-	157,738,447
Debt securities issued	-	-	10,419,652	10,419,652
	175,756,964	1,795,379	10,419,652	187,971,995
Total interest re-pricing gap	(62,611,933)	29,505,941	35,990,383	2,884,391
<i>N'000</i>				
31 December 2023				
Money market placements	4,806,214	-	-	4,806,214
Loans and advances to customers:	64,901,656	14,595,806	25,577,832	105,075,294
Pledged assets - Treasury bills	2,662,227	-	-	2,662,227
Pledged assets - Bonds	-	-	4,421,672	4,421,672
Investment securities	-	45,342,433	12,186,030	57,528,464
	72,370,097	59,938,239	42,185,534	174,493,871
Due to Banks	15,353,153	-	-	15,353,153
Customer Deposits	149,900,391	11,901,272	-	161,801,658
Debt securities issued	-	-	10,414,226	10,414,226
	165,253,544	11,901,272	10,414,226	187,569,037
Total interest re-pricing gap	(92,883,447)	48,036,967	31,771,308	(13,075,166)
BANK				
<i>N'000</i>				
31 December 2024				
Money market placements	16,836,816	-	-	16,836,816
Loans and advances to customers:	64,083,605	5,476,671	28,132,311	97,692,587
Pledged assets - Bonds	-	-	10,459,214	10,459,214
Investment securities	40,230,911	25,824,649	-	66,055,561
	121,151,332	31,301,320	38,591,525	191,044,178
Due to Banks	15,353,153	-	-	15,353,153
Customer Deposits	149,900,391	11,901,272	-	161,801,658
Debt securities issued	-	-	10,414,226	10,414,226
	165,253,544	11,901,272	10,414,226	187,569,037
Total interest re-pricing gap	(92,883,447)	48,036,967	31,771,308	(13,075,166)
BANK				
<i>N'000</i>				
31 December 2024				
Money market placements	16,836,816	-	-	16,836,816
Loans and advances to customers:	64,083,605	5,476,671	28,132,311	97,692,587
Pledged assets - Bonds	-	-	10,459,214	10,459,214
Investment securities	40,230,911	25,824,649	-	66,055,561
	121,151,332	31,301,320	38,591,525	191,044,178
Due to Banks	19,813,896	-	-	19,813,896
Customer Deposits	156,505,891	1,795,379	252,660	158,553,929
Debt securities issued	-	-	10,526,264	10,526,264
	176,319,787	1,795,379	10,778,924	188,894,089
Total interest re-pricing gap	(55,168,455)	29,505,941	27,812,600	2,150,089
<i>N'000</i>				
31 December 2023				
Money market placements	4,806,214	-	-	4,806,214
Loans and advances to customers:	64,901,656	14,595,806	25,577,832	105,075,294
Pledged assets - T-bills	2,662,227	-	-	2,662,227
Pledged assets - Bonds	-	-	4,421,672	4,421,672
Investment securities	-	45,342,433	-	45,342,433
- Treasury Bills	-	-	-	-
- Bonds	-	-	12,186,030	12,186,030
- Commercial Paper	2,085,312	-	-	2,085,312
	74,455,409	59,938,239	42,185,534	176,579,182
Due to Banks	15,353,153	-	-	15,353,153
Customer Deposits	150,666,197	11,901,272	-	162,567,468
Debt securities issued	-	-	10,527,916	10,527,916
	166,019,350	11,901,272	10,527,916	188,448,537
Total interest re-pricing gap	(91,563,941)	48,036,967	31,657,618	(11,869,355)

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

The table below sets out information on the exposure to fixed and variable interest instruments.

GROUP

N'000

31 December 2024

	Fixed	Non-interest bearing	Total
ASSETS			
Balances with banks	16,836,817	97,632,921	114,469,738
Loans and advances to customers	97,692,587	-	97,692,587
Pledged assets	10,459,214	-	10,459,214
Investment securities	66,055,561	-	66,055,561
Other assets	-	82,160,512	82,160,512
TOTAL	191,044,178	179,793,433	370,837,611
LIABILITIES			
Due to Banks	19,813,896	-	19,813,896
Customer Deposits	110,673,853	47,064,593	157,738,447
Other liabilities	-	141,307,036	141,307,036
Debt securities issued	10,419,652	-	10,419,652
TOTAL	140,907,401	188,371,629	329,279,030

31 December 2023

	Fixed	Non-interest bearing	Total
ASSETS			
Balances with banks	4,806,214	60,633,003	65,439,217
Derivative financial assets	-	-	-
Loans and advances to customers	104,695,462	-	104,695,462
Pledged assets	7,083,899	-	7,083,899
Investment securities	59,613,775	-	59,613,775
Other assets	-	88,699,842	88,699,842
TOTAL	176,199,350	149,332,845	325,532,195
LIABILITIES			
Derivative financial liabilities	-	-	-
Due to Banks	15,353,153	-	15,353,153
Customer Deposits	147,720,454	14,081,208	161,801,662
Other liabilities	-	108,078,225	108,078,226
Debt securities issued	14,740,264	-	14,740,264
TOTAL	177,813,871	122,159,433	299,973,305

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

FOR THE YEAR ENDED 31 DECEMBER 2024

BANK

N'000

31 December 2024

ASSETS

Balances with banks

Loans and advances to customers

Pledged assets

Investment securities

Other assets

TOTAL

LIABILITIES

Due to Banks

Customer Deposits

Other liabilities

Debt securities issued

TOTAL

31 December 2023

ASSETS

Balances with banks

Financial assets held for trading

Derivative financial financial assets

Loans to banks and other financial institutions

Loans and advances to customers

Pledged assets

Investment securities

Other assets

TOTAL

LIABILITIES

Derivative financial liabilities

Due to Banks

Customer Deposits

Other liabilities

Debt securities issued

TOTAL

	Fixed	Non-interest bearing	Total
Balances with banks	16,836,816	97,488,083	114,324,898
Loans and advances to customers	97,692,587	-	97,692,587
Pledged assets	10,459,214	-	10,459,214
Investment securities	66,055,561	-	66,055,561
Other assets	-	82,501,761	82,501,761
TOTAL	191,044,178	179,989,844	371,034,021

	Fixed	Non-interest bearing	Total
Balances with banks	4,806,214	60,477,858	65,284,072
Financial assets held for trading	-	-	-
Derivative financial financial assets	-	-	-
Loans to banks and other financial institutions	-	-	-
Loans and advances to customers	104,695,462	-	104,695,462
Pledged assets	7,083,899	-	7,083,899
Investment securities	59,613,775	-	59,613,775
Other assets	-	88,699,842	88,699,842
TOTAL	176,199,350	149,177,700	325,377,050

Derivative financial liabilities	-	9,160,449	9,160,449
Due to Banks	15,353,153	-	15,353,153
Customer Deposits	148,572,824	13,994,645	162,567,468
Other liabilities	10,299,848	97,747,582	108,047,430
Debt securities issued	10,527,916	-	-
TOTAL	184,753,741	120,902,676	295,128,500

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow and fair value interest rate risk

The Bank's interest rate risk arises from risk assets, deposits from banks and customers. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Bank's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value through other comprehensive income financial instruments reported directly in other comprehensive income.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.2.3 The table below summaries the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

GROUP

N'000

31 December 2024

	Total	Naira	USD	EUR	GBP
Balances with banks	114,469,738	35,531,266	78,515,712	405,256	17,504
Loans and advances to customers	96,424,484	71,678,615	24,745,869	-	-
Pledged assets					
- Bonds	10,459,214	10,459,214	-	-	-
Investment securities	67,135,871	67,135,871	-	-	-
Other assets	82,160,512	162,664	81,956,261	41,587	-
	370,649,818	184,967,629	185,217,842	446,844	17,504

Due to Banks	19,813,896	-	19,813,896	-	-
Due to customers	157,738,447	132,864,661	24,873,590	0	195
Other liabilities	141,307,036	13,780,863	127,127,786	392,265	6,122
Debt securities issued	10,419,652	10,419,652	-	-	-
	329,279,030	157,065,176	171,815,272	392,265	6,317

Off balance sheet exposures

Clean line facilities for letters of credit and other commitments	10,229,576	-	10,229,576	-	-
	10,229,576	-	10,229,576	-	-

N'000

31 December 2023

	Total	Naira	USD	EUR	GBP
Balances with banks	65,439,217	38,680,059	26,308,747	436,524	13,887
Derivative financial assets	-	-	-	-	-
Loans and advances to customers	103,480,431	67,923,011	35,286,637	269,430	1,353
Pledged assets					
- Treasury bills	2,662,227	2,662,227	-	-	-
- Bonds	4,421,672	4,421,672	-	-	-
Investment securities	60,661,200	60,661,200	-	-	-
Other assets	88,478,219	1,417,088	86,125,857	934,788	485
	325,142,966	175,765,257	147,721,241	1,640,742	15,725

Derivative financial liabilities	-	-	-	-	-
Due to Banks	15,353,153	0	14,843,333	509,819	-
Due to customers	161,801,662	139,687,733	21,522,129	588,742	3,059
Other liabilities	108,078,225	16,531,263	91,313,796	229,340	3,825
Debt securities issued	10,414,226	10,414,226	-	-	-
	295,647,266	166,633,222	127,679,258	1,327,901	6,884

Off balance sheet exposures

Transaction related bonds and guarantees	378,847	378,847	-	-	-
Clean line facilities for letters of credit and other commitments	74,433,679	2,427,019	72,006,660	-	-
	74,812,526	2,805,866	72,006,660	-	-

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Bank

N'000

31 December 2024

	Total	Naira	USD	EUR	GBP
Balances with banks	114,324,898	35,389,153	78,512,985	405,256	17,504
Loans and advances to customers	97,692,587	72,946,719	24,745,869	-	-
Pledged assets					
- Bonds	10,459,214	10,459,214	-	-	-
Investment securities	66,055,561	66,055,561	-	-	-
Other assets	82,501,761	503,913	81,956,261	41,587	-
	371,034,021	185,354,560	185,215,115	446,843	17,504

Due to Banks	19,813,896	-	19,813,896	-	-
Due to customers	158,553,929	133,680,144	24,873,590	0	195
Other liabilities	141,281,167	13,754,994	127,127,786	392,265	6,122
Debt securities issued	10,526,264	10,526,264	-	-	-
	330,175,256	157,961,402	171,815,272	392,265	6,317

Off balance sheet exposures

Clean line facilities for letters of credit and other commitments	10,229,576	-	10,229,576	-	-
	10,229,576	-	10,229,576	-	-

N'000

31 December 2023

	Total	Naira	USD	EUR	GBP
Balances with banks	65,284,072	38,525,825	26,307,836	436,524	13,887
Loans and advances to customers	104,695,462	69,138,041	35,286,637	269,430	1,353
Pledged assets					
- Treasury bills	2,662,227	2,662,227	-	-	-
- Bonds	4,421,672	4,421,672	-	-	-
Investment securities					
Treasury bills	45,342,433	45,342,433	-	-	-
Bonds	12,186,030	12,186,030	-	-	-
Commercial Paper	2,085,312	2,085,312	-	-	-
Other assets	88,856,339	1,795,208	86,125,857	934,788	485
	325,533,547	176,156,748	147,720,330	1,640,742	15,725

Derivative financial liabilities	-	-	-	-	-
Due to Banks	15,353,153	-	14,843,333	509,819	-
Due to customers	162,567,470	140,453,539	21,522,129	588,742	3,059
Other liabilities	108,047,430	16,500,468	91,313,796	229,340	3,825
Debt securities issued	10,527,916	10,527,916	-	-	-
	296,495,969	167,481,923	127,679,258	1,327,901	6,884

Off balance sheet exposures

Transaction related bonds and guarantees	378,847	378,847	-	-	-
Clean line facilities for letters of credit and other commitments	74,433,679	2,427,019	72,006,660	-	-
	74,812,526	2,805,866	72,006,660	-	-

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.3 Liquidity risk management

The following table shows the undiscounted cash flows on the Bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest year in which the guarantee could be called.

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements. In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

Residual contractual maturities of financial assets and liabilities

GROUP 31 December 2024 N'000	Carrying amount	Gross nominal inflows/outflows	Less than 3 months	3 months -12 months	More than 1 year
Assets					
Balances with banks	114,469,738	114,469,738	87,046,134	-	27,423,603
Loans and advances to customers	96,424,484	97,282,237	55,497,545	30,403,052	11,381,639
Pledged assets	10,459,214	11,610,601	2,334,433	6,891,687	2,384,481
Investment securities	67,135,871	73,179,304	14,713,466	43,436,930	15,028,909
Other assets	82,160,512	88,478,219	743,484	87,238,885	495,850
	370,649,818	385,020,098	160,335,062	167,970,554	56,714,482
Liabilities					
Due to Banks	19,813,896	20,646,716	2,512,460	18,134,256	-
Deposits	155,943,068	155,314,923	147,102,038	8,212,885	-
Other liabilities	141,307,036	141,307,036	141,307,036	-	-
Debt securities issued	10,419,652	14,803,288	604,932	598,356	13,600,000
	327,483,651	332,071,963	291,526,466	26,945,497	13,600,000
Gap (asset - liabilities)	43,166,167	52,948,136	(131,191,403)	141,025,057	43,114,482
Off balance-sheet					
Transaction related bonds and guarantees	-	-	-	-	-
Clean line facilities for letters of credit and other commitments	10,229,576	10,229,576	-	-	10,229,576
	10,229,576	10,229,576	-	-	10,229,576

GROUP 31 December 2023 N'000	Carrying amount	Gross nominal inflows/outflows	Less than 3 months	3 months -12 months	More than 1 year
Assets					
Balances with banks	65,439,217	65,439,217	32,235,560	-	33,203,657
Loans and advances to customers	103,480,431	105,075,294	64,901,656	14,595,806	25,577,832
Pledged assets	7,083,899	7,126,029	3,132,435	2,202,194	1,791,400
Investment securities	60,661,200	59,968,311	26,360,661	18,532,319	15,075,332
Other assets	88,478,219	88,478,219	743,484	87,238,885	495,850
	325,142,966	326,087,070	127,373,796	122,569,204	76,144,071
Liabilities					
Due to Banks	15,353,153	15,699,553	12,094,111	3,605,442	-
Deposits	161,801,658	164,600,073	142,505,779	22,094,294	-
Other liabilities	108,078,225	108,078,225	108,078,225	-	-
Debt securities issued	10,414,226	14,803,288	604,932	598,356	13,600,000
	295,647,262	303,181,139	263,283,047	26,298,092	13,600,000
Gap (asset - liabilities)	29,495,703	22,905,931	(135,909,251)	96,271,112	62,544,071
Off balance-sheet					
Transaction related bonds and guarantees	378,847	378,847	378,847	-	-
Clean line facilities for letters of credit and other commitments	74,433,679	74,433,679	-	-	74,433,679
	74,812,526	74,812,526	378,847	-	74,433,679

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

BANK
31 December 2024
N'000

	Carrying amount	Gross nominal inflows/outflows	Less than 3 months	12 months	More than 1 year
Assets					
Balances with banks	114,324,898	114,324,899	86,901,296	-	27,423,603
Loans and advances to customers	97,692,587	97,282,237	55,497,545	30,403,052	11,381,639
Pledged assets	10,459,214	11,610,601	2,334,433	6,891,687	2,384,481
Investment securities	66,055,561	73,179,304	14,713,466	43,436,930	15,028,909
Other assets	82,501,761	82,525,726	321,549	81,559,366	644,812
	371,034,021	378,922,767	159,768,289	162,291,035	56,863,444
Liabilities					
Due to Banks	19,813,896	20,646,716	2,512,460	18,134,256	-
Due to customers	158,553,929	155,314,923	147,102,038	8,212,885	-
Other liabilities	141,281,167	141,308,722	141,187,147	-	121,576
Debt securities issued	10,526,264	14,803,288	604,932	598,356	13,600,000
	330,175,256	332,073,649	291,406,577	26,945,497	13,721,576
Gap (asset - liabilities)	40,858,765	46,849,118	(131,638,288)	135,345,538	43,141,868
Off balance-sheet					
Clean line facilities for letters of credit and other commitments	10,229,576	10,229,576	-	-	10,229,576
	10,229,576	10,229,576	-	-	10,229,576

BANK
31 December 2023
N'000

	Carrying amount	Gross nominal inflows/outflows	Less than 3 months	12 months	More than 1 year
Assets					
Balances with banks	65,284,072	65,292,357	32,088,700	-	33,203,657
Loans and advances to customers	104,695,462	105,075,294	64,901,656	14,595,806	25,577,832
Pledged assets	7,083,899	7,126,029	3,132,435	2,202,194	1,791,400
Investment securities	59,613,775	59,968,311	26,360,661	18,532,319	15,075,332
Other assets	88,856,339	88,856,339	680,008	87,680,481	495,850
	325,533,547	326,318,330	127,163,460	123,010,800	76,144,071
Liabilities					
Due to Banks	15,353,153	15,699,553	12,094,111	3,605,442	-
Due to customers	162,567,470	164,600,073	142,505,779	22,094,294	-
Other liabilities	108,047,430	108,201,676	101,739,533	6,377,356	84,786
Debt securities issued	10,527,916	14,803,288	604,932	598,356	13,600,000
	296,495,969	303,304,590	256,944,355	32,675,448	13,684,786
Gap (asset - liabilities)	29,037,577	23,013,739	(129,780,895)	90,335,352	62,459,285
Off balance-sheet					
Transaction related bonds and guarantees	378,847	378,847	378,847	-	-
Clean line facilities for letters of credit and other commitments	74,433,679	74,433,679	-	-	74,433,679
	74,812,526	74,812,526	378,847	-	74,433,679

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.4 ECL Coverage Ratio In thousands of Naira

31 December 2024	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio				
	Financial statements Items	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
										%	%	%	%
On-balance sheet items													
Cash and balances with central banks	114,324,898	-	-	114,324,898	18,374	-	-	18,374	0.02	-	-	-	0.02
Loans and advances to customers at amortised cost	96,502,071	-	1,811,106	98,313,177	443,604	-	176,986	620,590	0.45	-	0.00	0.45	
Debt investment securities at amortised cost	6,627,987	-	-	6,627,987	14,831	-	-	14,831	0.22	-	-	-	
Pledged Assets	10,482,703	-	-	10,482,703	23,489	-	-	23,489	0.22	-	-	-	
Debt investment securities at Fair value	59,442,405	-	-	59,442,405	-	-	-	-	-	-	-	-	
Other assets	82,525,727	-	-	82,525,727	23,966	-	-	23,966	0.03	-	-	-	
Sub total	369,905,790	-	1,811,106	371,716,896	524,264	-	176,986	701,250	0.94	-	0.00	0.47	
Off-balance sheet items													
Loan and other credit related commitments													
- Letter of credits contracts	10,229,576	-	-	10,229,576	193,268	-	-	193,268	1.889	-	-	-	1.89
- financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan commitments	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	10,229,576	-	-	10,229,576	193,268	-	-	193,268	1.889	-	-	-	1.89
Total													

31 December 2023	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio				
	Financial statements Items	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
										%	%	%	%
On-balance sheet items													
Cash and balances with central banks	65,284,072	-	-	65,284,072	-	-	-	-	-	-	-	-	-
Loans and advances to customers at amortised cost	103,957,423	1,004,791	113,080	105,075,294	24,458	5,560	5,343	35,361	0.02	0.00	0.00	0.02	
Debt investment securities at amortised cost	59,729,395	-	-	59,729,395	115,620	-	-	115,620	0.02	-	-	-	
Pledged Assets	7,097,638	-	-	7,097,638	13,739	-	-	13,739	0.60	-	-	-	
Debt investment securities at Fair value	159,220	-	-	159,220	-	-	-	-	-	-	-	-	
Other assets	88,699,842	-	-	88,699,842	-	-	-	-	-	-	-	-	
Sub total	324,927,590	1,004,791	113,080	326,045,461	153,817	5,560	5,343	164,720	0.64	0.00	0.00	0.02	
Off-balance sheet items													
Loan and other credit related commitments													
- Letter of credits contracts	73,542,856	-	1,269,671	74,812,526	193,268	-	-	193,268	0.258	-	-	-	0.26
- financial guarantees	378,847	-	-	378,847	-	-	-	-	-	-	-	-	-
Loan commitments	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	73,921,703	-	1,269,671	75,191,373	193,268	-	-	193,268	0.258	-	-	-	0.26
Total													

Facilities held by the bank are classified across stage 1, stage 2 and stage 3.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

5.5 Capital management

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

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

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, a minimum ratio of 15% is to be maintained for commercial banks. The Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises:

- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reserves. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier I capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Tier 1 capital				
Ordinary share capital	26,000,000	16,000,000	26,000,000	16,000,000
Retained earnings	3,242,858	7,076,316	3,010,195	7,032,703
Other reserves	11,543,376	6,686,411	11,543,377	6,686,411
Non-controlling interests	49,459	38,899	-	-
	40,835,693	29,801,627	40,553,572	29,719,115
Add/(less):				
Fair value reserve	(125,390)	38,684	(125,390)	38,684
Total Tier 1	40,961,083	29,762,942	40,678,962	29,680,430
Less:				
Deferred tax assets	-	(132,051)	-	(115,939)
Regulatory risk reserve	(4,915,268)	(2,303,598)	(4,915,268)	(2,303,598)
Intangible assets	(912,125)	(549,677)	(903,555)	(532,536)
Adjusted Tier 1	35,133,690	26,777,615	34,860,139	26,728,357
Sub-ordinated debt	10,419,652	10,414,226	10,526,264	10,527,916
Fair value reserve	(125,390)	38,684	(125,390)	38,684
Total Tier 2	10,294,261	10,452,911	10,400,873	10,566,601
Adjusted Tier 2 capital (27% of Tier 1)	10,294,261	8,924,979	10,400,873	8,908,561
Total regulatory capital	45,427,952	35,702,594	45,261,013	35,636,918
Risk-weighted assets	141,823,985	128,132,418	141,823,985	128,132,418
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	32.03%	27.86%	31.91%	27.81%
Total tier 1 capital expressed as a percentage of risk-weighted assets	24.77%	20.90%	24.58%	20.86%

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
6 Interest income calculated using effective interest rate				
a. Interest income at FVOCI				
Bonds	41,543	41,029	-	-
Treasury bills	6,164,037	22,635	6,164,037	22,635
Total	6,205,580	63,664	6,164,037	22,635
b. Interest income at amortised cost				
Placements	5,363,755	706,967	5,187,330	560,591
Loans and advances to customers	18,551,984	21,986,437	18,551,984	21,986,437
Treasury bills	142,375	201,881	142,375	201,881
Bond	1,987,344	1,056,034	1,853,382	920,822
Commercial Paper	66,934	252,987	62,689	232,224
	26,112,392	24,204,306	25,797,760	23,901,956
Total interest income	32,317,972	24,267,970	31,961,797	23,924,591
7 Interest expense				
Deposit from customers	17,794,314	16,967,355	17,264,498	16,723,472
Interest expense on lease liability	24,265	20,843	24,265	20,843
Interest expense on debt securities	1,175,857	1,421,010	1,200,000	1,436,855
Interest expense due to banks	7,450,033	3,928,855	7,450,033	3,928,855
Total interest expense calculated using effective interest rate	26,444,469	22,338,063	25,938,796	22,110,025
8 Impairment charge for credit losses				
Impairment (see note below)	118,149	417,609	118,149	417,609
	118,149	417,609	118,149	417,609
ECL impairment charge on loans and advance to customers (note 17)	240,757	344,471	240,757	344,471
ECL impairment charge on placement (note 16)	18,374	-	18,374	-
ECL impairment charge on FVOCI	72,682	-	72,682	-
ECL impairment (writeback) on off balance sheet engagements (note 27)	(146,591)	-	(146,591)	-
ECL impairment charge on other assets (note 20)	23,966	-	23,966	-
ECL impairment (writeback)/ charge on investment securities (at amortized costs (note 18b))	(100,789)	101,642	(100,789)	101,642
ECL impairment (writeback)/ charge on pledged assets (note 18a)	9,750	(28,504)	9,750	(28,504)
	118,149	417,609	118,149	417,609
9 Net Fee and commission income				
Credit related fees	382,008	341,857	382,008	341,857
Other fee & commission income	3,249,086	1,583,915	3,208,504	1,555,620
Fee and commission income	3,631,094	1,925,772	3,590,512	1,897,477
Fee and commission expense	(1,344)	(1,992)	-	(775)
Net fee and commission income	3,629,750	1,923,780	3,590,512	1,896,702
Point in time	3,629,750	1,923,780	3,590,512	1,896,702
Over time	-	-	-	-
	3,629,750	1,923,780	3,590,512	1,896,702

Other fee & commission income comprises of Account maintenance charge; Group N160.26m (2023 N143.29m), Bank N160.26m (2023 N143.29m) and Commission on trade transactions; Group N3.09b (2023 N1.78b), Bank N3.05b (2023 N1.75b)

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
10 Net (losses)/gains on financial instruments held for trading				
Nigerian Treasury Bills & Bonds	2,223,717	44,171	2,214,987	41,654
Mutual funds FVTPL	210,821	-	-	-
Quoted Equity FVTPL	(7,145)	-	-	-
Derivatives	-	(75,389)	-	(75,389)
	2,427,393	(31,218)	2,214,987	(33,735)
11 Net foreign exchange gain				
Foreign currency revaluation gain	2,302,074	853,480	2,302,074	853,480
Foreign currency income	3,863,691	3,819,994	3,863,691	3,819,994
	6,165,766	4,673,474	6,165,766	4,673,474
12 Other income				
Other sundry income	62,371	124,509	13,211	123,304
Profit on disposal of property and equipment	3,267	14,077	3,267	14,077
	65,638	138,586	16,478	137,381

Other sundry income relates to income received on trade transaction handling during the period.

13 Operating expenses				
Staff cost (note (i))	2,047,879	1,294,478	1,987,074	1,248,355
Contract Staff cost	71	2,297	71	2,297
Depreciation of property and equipment (see note 22)	219,280	201,093	213,859	200,559
Depreciation of right of use asset (see note 23)	15,930	15,887	15,930	15,887
Amortisation (see note 21)	188,093	156,925	179,522	148,355
Professional fees and legal expense	285,303	210,894	284,723	209,381
Business travel expenses	41,680	69,799	41,680	69,799
Auditor's remuneration	77,954	55,824	76,325	54,661
Administrative expense****	787,793	430,327	780,055	428,061
NDIC***	718,147	663,779	718,147	663,779
Directors' emoluments (note (ii))	442,962	410,561	425,516	388,411
Stationeries, postage, printing and consumables	18,782	5,789	18,782	5,789
Penalty (see note 38)	15,301	33,325	14,000	24,500
Repairs and maintenance	82,185	65,091	82,185	64,911
Advertisement expense	54,262	105,829	53,618	105,106
Subscription expense	532,149	255,931	530,412	254,387
Other license fees*	805,229	284,095	797,354	280,601
Donations	77,702	23,555	77,702	23,555
Other expenses**	205,753	266,324	204,703	266,324
	6,616,453	4,551,801	6,501,658	4,454,718

*Other license fees relates to payment of IT related licenses during the period.

**Included in the other expenses are general office expenses; Group N147.41m (2023 N104.23m), Bank N146.36m (2023 N104.23m) and FMDQ fees and charges; Group N21.18m (2023 N43.34m), Bank N21.18m (2023 N43.34m) during the period.

***NDIC (Nigeria Deposit Insurance Corporation) relates to premium paid to Nigeria Deposit Insurance Corporation.

****Included in the Administrative expenses are Nova commercial bank registration; Group N158.2m (2023 N21.51m), Bank N158.2m (2023 N21.51m), Training expense; Group N119.43m (2023 N4.18m), Bank N119.43m (2023 N4.18m) and Diesel and Fuel; Group N86.32m (2023 N57.37m), Bank N86.32m (2023 N57.37m) during the period.

(i) Staff related costs, excluding executive directors, during the year amounted to:				
Wages, salaries, other benefits and staff costs	1,995,708	1,246,364	1,936,209	1,202,464
Pension costs - Defined contribution plan	52,171	48,114	50,865	45,891
	2,047,879	1,294,478	1,987,074	1,248,355

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

The number of persons employed by the Group and Bank during the year was as follows:	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
Executive	3	4	2	3
Management	4	8	4	5
Non-management	161	79	155	70
	168	91	161	78

The number of employees of the Bank, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
N300,001 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	-	2	-	2
N3,000,001 - N5,000,000	42	25	42	22
Above N5,000,000	123	60	117	57
	165	87	159	81

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
(ii) Directors' emoluments and expenses				
Remuneration paid to the executive and non-executive directors (excluding certain allowances) is shown below				
Fees and sitting allowances	154,979	136,375	137,533	114,225
Executive management compensation	258,131	252,833	258,131	252,833
Pension cost - defined contribution scheme	12,382	10,382	12,382	10,382
Other directors expenses	17,470	10,970	17,470	10,970
	442,962	410,561	425,516	388,411

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefits) in the following ranges was	Group Number of Directors	Group Number of Directors	Bank Number of Directors	Bank Number of Directors
N8,000,001 - N15,000,000	1	1	-	-
Above N15,000,0000	2	3	2	3
	3	4	2	3

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
14 Income tax expense				
Tax charge for the year comprises:				
a) Income tax charge				
NITDA levy	112,782	35,738	112,782	35,587
NASENI Levy	28,477	8,986	28,477	8,986
Police trustfund levy	570	180	570	180
Income tax	1,620,832	-	1,620,832	-
Education tax	226,002	111,160	226,002	111,160
Windfall Levy	408,887	-	408,887	-
b) Minimum tax				
Minimum tax	3,010	153,406	-	153,406
Total current tax charge	2,400,560	309,470	2,397,551	309,319
b) Deferred tax				
Recognised in income statement:	796,043	323,850	962,152	327,558
Total deferred tax credit/(charge)	796,043	323,850	962,152	327,558
Income tax charge	3,196,604	633,320	3,359,702	636,877
(c) Reconciliation of effective tax rate				
Profit before income tax	11,427,448	3,665,118	11,390,937	3,616,118
Effective tax as per accounts:				
Income tax using the companies income tax rate at 30%	3,428,234	1,099,536	3,417,281	1,084,836
Non-deductible expenses	1,088,264	589,529	1,088,264	589,529
Education tax	226,002	111,160	226,002	111,160
Minimum tax	-	153,406	-	153,406
NASENI Levy	28,477	8,986	28,477	8,986
Police Trust Fund Levy	570	180	570	180
Tax effect of temporary differences	962,152	327,558	962,152	327,558
Windfall levy	408,887	-	408,887	-
Absorbed capital allowance	(710,260)	4,853	(710,260)	4,853
Tax exempt income	(2,348,505)	(1,697,474)	(2,174,453)	(1,679,217)
Effect of NITDA levy	112,782	35,587	112,782	35,587
Total Income tax expense in income statement	3,196,604	633,320	3,359,702	636,877
Based on Nigerian tax law, Companies Income Tax Act provides that current tax is determined as the higher of amount computed based on 30% of taxable profit, minimum tax and 30% of dividend declared. There were no changes in corporate and education tax rates during the year. The corporate income tax charge for the year was based on taxable profit.				
Tax exempt income include income such as income on Federal Government of Nigeria Bonds which are exempt from income tax and other applicable taxes as gazetted by the Federal Government of Nigeria.				
The movement in the current income tax liability is as follows:				
Current tax payable				
At 1 January	329,614	262,270	329,463	262,804
Tax paid	(311,283)	(242,125)	(310,233)	(242,659)
Income tax charge	2,400,560	309,469	2,397,551	309,318
At 31 December	2,418,891	329,614	2,416,780	329,463
Deferred tax (liability)/asset				
At 1 January	132,051	454,490	115,939	443,497
Deferred tax charge	(796,043)	(322,439)	(962,152)	(327,558)
At 31 December	(663,993)	132,051	(846,213)	115,939

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000

Deferred income tax assets and liabilities are attributable to the following items

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
Property, Plant and Equipment	(182,853)	(124,120)	(182,853)	(124,120)
Intangible Assets	(195,660)	(112,341)	(195,660)	(112,341)
Other asset	7,190	-	7,190	-
Provisions	213,086	212,149	211,676	210,738
Unrelieved losses	180,810	14,701	-	-
Right of use asset/Lease liability	(1,456)	2,765	(1,456)	2,765
Unabsorbed capital allowance less investment allowance	-	394,942	-	394,942
Unrealised exchange difference	(685,110)	(256,044)	(685,110)	(256,044)
	<u>(663,993)</u>	<u>132,051</u>	<u>(846,213)</u>	<u>115,939</u>

N'000

15 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average

	Group December 2024 N'000	Group December 2023 N'000	Bank December 2024 N'000	Bank December 2023 N'000
Profit for the period from continuing operations (In thousands of Naira)	8,056,420	3,027,692	7,867,160	2,979,242
Weighted average number of ordinary shares in issue (In thousands of units)	26,000,000	16,000,000	26,000,000	16,000,000
In kobo per share	31	19	30	19
Basic earnings per share from continuing operations (annualised)				
Diluted earnings per share from continuing operations (annualised)	31	19	30	19

16 Balances with banks

- 16a Balances held with Central bank of Nigeria and other banks
- Balances with the Central Bank of Nigeria other than mandatory reserve deposits
 - Balances with banks in Nigeria
 - Balances with banks outside Nigeria

	1,513,321	261,893	1,513,321	261,893
	1,199,601	532,595	1,054,762	378,500
	67,496,396	26,633,808	67,496,396	26,633,808
	<u>70,209,318</u>	<u>27,428,296</u>	<u>70,064,479</u>	<u>27,274,201</u>
Placement with Banks within 1 year	16,855,190	4,806,214	16,855,190	4,806,214
ECL impairment charge	(18,374)	-	(18,374)	-
	<u>16,836,817</u>	<u>4,806,214</u>	<u>16,836,816</u>	<u>4,806,214</u>
Mandatory reserve deposits with the Central Bank of Nigeria	27,423,603	33,204,707	27,423,603	33,203,657
	<u>27,423,603</u>	<u>33,204,707</u>	<u>27,423,603</u>	<u>33,203,657</u>
	<u>114,469,738</u>	<u>65,439,217</u>	<u>114,324,898</u>	<u>65,284,072</u>

Mandatory reserve deposits with the Central Bank of Nigeria are not available for use in the bank's day to day operations. This balance represents CBN Cash Reserve Requirement of N27.42Bn.

Included in balances with banks outside of Nigeria is an amount of N57.02bn (31 Dec 2023: N15.84bn) representing the naira value of foreign currency held on behalf of customers to cover letters of credit transactions. The corresponding liability is reported as customers' deposit for foreign trade under other liabilities (see note 27).

The Group has assessed the expected credit losses (ECL) on its cash and cash equivalents in accordance with IFRS 9, which requires entities to recognize ECL for all financial assets measured at amortized cost. Given the nature of cash and cash equivalents, the credit risk associated with these assets is generally very low. As a result, the Group determined that the ECL amount for its cash and cash equivalents was immaterial. Consequently, no ECL has been recognised in the financial statements.

16b Cash and cash equivalent in statement of cashflow

Balances held with Central bank of Nigeria and other banks	70,209,318	27,428,296	70,064,479	27,274,201
Placement with banks	16,855,190	4,806,214	16,855,190	4,806,214
	<u>87,064,508</u>	<u>32,234,510</u>	<u>86,919,669</u>	<u>32,080,415</u>

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
17 Loans and advances to customers				
Loans and advances to customers	96,911,229	103,678,848	98,179,332	104,893,878
Loans to staff	133,845	181,416	133,845	181,416
Allowance for impairment	(620,590)	(379,832)	(620,590)	(379,832)
	96,424,484	103,480,432	97,692,587	104,695,462
Current	84,994,835	78,172,666	86,262,939	79,387,696
Non-current	11,429,649	25,307,766	11,429,649	25,307,766
	96,424,484	103,480,432	97,692,587	104,695,462

The reconciliation of the ECL impairment charge on loans and advances to customers is stated below

Balance at 1 January	379,834	35,362	379,834	35,362
Increase in ECL impairment (see note 8)	240,757	344,471	240,757	344,471
At 31 December	620,591	379,834	620,591	379,834

18 Financial assets- Investment securities

Pledged assets (note a below)	10,459,214	7,083,899	10,459,214	7,083,899
Investment securities (note b below)	67,135,871	60,661,200	66,055,561	59,613,775
	77,595,085	67,745,100	76,514,775	66,697,674

18a Pledged assets

Nigerian Treasury Bills	-	2,669,096	-	2,669,096
Federal Government of Nigeria bonds	10,482,703	4,428,542	10,482,703	4,428,542
Allowance for Impairment on pledged assets	(23,489)	(13,739)	(23,489)	(13,739)
	10,459,214	7,083,899	10,459,214	7,083,899
Current	2,301,027	2,663,930	2,301,027	2,663,930
Non-current	8,158,187	4,419,970	8,158,187	4,419,970
	10,459,214	7,083,899	10,459,214	7,083,899

The reconciliation of the ECL impairment charge on pledged asset is stated below

Balance at 1 January	13,739	42,243	13,739	42,243
Increase/(decrease) in ECL impairment (see note 8)	9,750	(28,504)	9,750	(28,504)
At 31 December	23,489	13,739	23,489	13,739

18b Investment securities

Investment securities (see note (i))	67,150,702	60,776,820	66,070,391	59,729,395
Allowance for impairment on investment securities	(14,831)	(115,620)	(14,831)	(115,620)
	67,135,871	60,661,200	66,055,561	59,613,775
Current	60,522,715	48,475,170	59,442,405	47,427,745
Non current	6,613,156	12,186,030	6,613,156	12,186,030
	67,135,871	60,661,200	66,055,561	59,613,775

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
The reconciliation of the ECL impairment charge on investment securities is stated below				
Balance at 1 January	115,620	13,978	115,621	13,979
(Decrease)/Increase in ECL impairment (see note 8)	(100,789)	101,641	(100,789)	101,642
At 31 December	14,831	115,620	14,832	115,621

(i) **Investment securities**

Debt securities at amortised cost	7,185,411	58,511,771	6,627,987	57,644,083
Mutual funds FVTPL	379,489	152,033	-	-
Quoted Equity FVTPL	39,717	2,687	-	-
Nigerian Treasury Bills FVOCI	49,344,080	-	49,344,080	-
Nigerian Treasury Bills FVTPL	10,098,325	-	10,098,325	-
Federal Government of Nigeria (FGN) bonds FVOCI	4,500	4,500	-	-
Commercial Paper	99,179	2,105,830	-	2,085,312
	67,150,702	60,776,820	66,070,391	59,729,395

The reconciliation of the fair value on investment securities is stated below

Balance at 1 January	49,580,837	-	49,580,837	-
Fair value change	(236,757)	-	(236,757)	-
At 31 December	49,344,080	-	49,344,080	-

19 Investment in Subsidiaries

Investment in Novambl Asset Management Ltd	-	-	148,500	148,500
Investment in Novambl Securities Ltd	-	-	282,667	282,667
	-	-	431,167	431,167

(a) The movement in investment subsidiaries is as follows:

Opening balance	-	-	431,167	431,167
Additions during the year	-	-	-	-
Closing balance	-	-	431,167	431,167

(b) Set out below is the group's subsidiaries as at 31 December 2024

Name of Subsidiary	Principal activity	Place of operation	Proportion of ownership interests
NovaMBL Asset Management Limited	Fund & Portfolio Management	Lagos	99.00%
Novambl Securities Limited	Stockbroking	Lagos	88.33%

(c) Condensed result of consolidated entities

The condensed financial data of the consolidated entities is as follows:

Condensed statement of comprehensive income

N'000

	NovaMBL Asset Management Limited		Novambl Securities Limited	
	December 2024	December 2023	December 2024	December 2023
Operating income	554,606	313,730	126,516	76,292
Operating expenses	(600,252)	(298,629)	(44,360)	(42,396)
Profit before tax	(45,646)	15,101	82,156	33,896
Taxation	159,768	(839)	3,330	2,088
Profit for the year	114,122	14,263	85,487	35,984
Profit for the year attributable to:				
Owners of Parent	112,981	14,120	76,068	32,019
Non-controlling interest	1,141	143	9,419	3,965
Profit for the period	114,122	14,263	85,487	35,984
Other comprehensive income	-	-	-	-
Total comprehensive income	114,122	14,263	85,487	35,984

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Condensed statement of financial position

	NovaMBL Asset Management Limited		NovambI Securities Limited	
	December 2024	December 2023	December 2024	December 2023
<i>N'000</i>				
Cash and balances with banks	523,545	493,206	436,777	518,756
Investments	1,107,705	1,108,389	79,217	52,726
Other assets	218,652	66,055	18,010	13,480
Intangible assets	8,571	17,141	-	-
Property and equipment	17,323	22,629	19	135
Total assets	1,875,795	1,707,419	534,024	585,097
Financed by:				
Other liabilities	1,590,734	1,536,480	108,112	244,670
Equity	285,061	170,939	452,276	340,427
Total liabilities and equity	1,875,795	1,707,419	560,388	585,097
Net cashflow from operating activities	(7,041)	(7,041)	56,716	56,716
Net cashflow from investing activities	(20,300)	(20,300)	-	-
Net cashflow from financing activities	-	-	-	-
Increase in cash and cash equivalent	(27,341)	(27,341)	56,716	56,716
Cash and cash equivalent, beginning of year	45,635	72,976	112,907	56,191
Cash and cash equivalent, end of year	18,294	45,635	169,622	112,907

Nova Asset Management Limited had assets under management of N2.15bn as at 31 December 2024 (2023: N2.82bn)

	Group		Bank	
	December 2024	December 2023	December 2024	December 2023
<i>N'000</i>				
20 Other assets				
Financial assets				
Contribution to AGSMEIS (note (i))	644,812	495,850	644,812	495,850
Foreign exchange settlement (note (ii))	79,801,817	71,649,825	79,801,817	71,649,825
Receivable from subsidiaries (note 33(ii))	-	-	397,100	442,954
Other receivables (note (iii))	1,410,512	16,174,689	1,354,660	16,111,213
Cash advance	11,476	-	11,477	-
Impairment charges	(23,966)	-	(23,966)	-
	81,844,651	88,320,364	82,185,900	88,699,842
Non-financial assets				
Prepayments	315,861	157,854	315,861	156,497
	315,861	157,854	315,861	156,497
Total other assets	82,160,512	88,478,219	82,501,761	88,856,339
Current	81,199,839	88,320,364	81,541,088	88,699,842
Non-current	960,673	157,854	960,673	156,497
	82,160,512	88,478,219	82,501,761	88,856,339

- (i) This represents contribution to Agri-Business/Small and Medium Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled in the Central Bank of Nigeria.
- (ii) These amounts are receivables from the Central Bank of Nigeria for the purchase of foreign currency from the Retail Special Secondary Market Intervention Sales (SMIS) window.
- (iii) Included in other receivables are pre and post negotiation charges paid by the bank to correspondent banks for which customers are yet to provide FX, and matured forward obligations covered by the bank's FX liquidity awaiting CBN delivery.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

21 Intangible assets

In thousands of naira

The intangible assets are not internally generated. The amortization method used is straight line and the charge for the year is included within operating expenses. The closing WIP of N139.25million represents the cost of INTERNET BANKING PLATFORM acquired by the bank. WIP is not depreciated until brought into use.

Group			
2024			
31 December 2024			
	Computer software	Work in progress	Total
Cost			
Balance at 1 January	837,334	-	837,334
Additions	411,290	139,251	550,541
Balance at 31 December	<u>1,248,625</u>	<u>139,251</u>	<u>1,387,875</u>
Accumulated amortisation			
Balance at 1 January	287,657	-	287,657
Amortization	188,093	-	188,093
Balance at 31 December	<u>475,750</u>	<u>-</u>	<u>475,750</u>
Carrying amount			
Balance at 31 December 2024	<u>772,875</u>	<u>139,251</u>	<u>912,125</u>
2023			
31 December 2023			
	Computer software	Work in progress	Total
Cost			
Balance at 1 January	937,566	540,956	1,478,522
Additions	31,039	-	31,039
Disposal	(672,226)	-	(672,226)
Reclassification	540,956	(540,956)	-
Balance at 31 December	<u>837,334</u>	<u>-</u>	<u>837,335</u>
Accumulated amortisation			
Balance at 1 January	545,271	-	545,271
Amortization	156,925	-	156,925
Disposal	(414,539)	-	(414,539)
Balance at 31 December	<u>287,657</u>	<u>-</u>	<u>287,657</u>
Carrying amount			
Balance at 31 December 2023	<u>549,677</u>	<u>-</u>	<u>549,678</u>

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Bank			
2024			
31 December 2024			
Cost	Computer software	Work in progress	Total
	N'000	N'000	N'000
Balance at 1 January	795,685	-	795,685
Additions	411,290	139,251	550,541
Balance at 31 December	1,206,975	139,251	1,346,225
Accumulated amortisation			
Balance at 1 January	263,148	-	263,148
Amortization	179,522	-	179,522
Balance at 31 December	442,670	-	442,670
Carrying amount			
Balance at 31 December 2024	764,304	139,251	903,555
2023			
31 December 2023			
Cost	Computer software	Work in progress	Total
	N'000	N'000	N'000
Balance at 1 January	895,916	540,956	1,436,872
Additions	31,038	-	31,038
Disposal	(672,226)	-	(672,226)
Reclassification	540,956	(540,956)	-
Balance at 31 December	795,685	-	795,685
Accumulated amortisation			
Balance at 1 January	529,333	-	529,333
Amortization	148,355	-	148,355
Disposal	(414,539)	-	(414,539)
Balance at 31 December	263,148	-	263,148
Carrying amount			
Balance at 31 December 2023	532,536	-	532,536

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

22 Property, plant and equipment

N'000
Group
31 December 2024

	Office equipment	IT equipments	Furnitures & Fittings	Motor Vehicles	Leasehold Improvement	Building	Plant and Machinery	ATM MACHINE	WIP	Total
Cost										
Balance as at 1 January 2024	88,591	477,979	99,752	403,459	366,170	1,060,710	7,798	-	1,850	2,506,310
Acquisitions	46,653	101,193	38,013	273,593	-	97,904	-	3,991	-	561,347
Disposal	-	-	-	(28,000)	-	-	-	-	-	(28,000)
Reclassification	-	-	-	-	-	(22,564)	-	-	22,564	-
Balance as at 31 December 2024	135,244	579,173	137,765	649,052	366,170	1,136,050	7,798	3,991	24,414	3,039,657
Depreciation										
Balance as at 1 January 2024	60,154	430,847	67,635	302,732	219,115	17,678	780	-	-	1,098,942
Charge for the period	13,666	29,764	15,174	91,554	40,098	27,265	1,560	200	-	219,280
Disposal	-	-	-	(27,067)	-	-	-	-	-	(27,067)
Balance as at 31 December 2024	73,821	460,612	82,809	367,219	259,213	44,943	2,339	200	-	1,291,155
Carrying amount										
Balance as at 31 December 2024	61,424	118,561	54,956	281,833	106,957	1,091,107	5,459	3,791	24,414	1,748,502

31 December 2023

N'000
Group
31 December 2023

	Office equipment	IT equipments	Furnitures & Fittings	Motor Vehicles	Leasehold Improvement	Building	Plant and Machinery	ATM MACHINE	WIP	Total
Cost										
Balance as at 1 January 2023	60,380	460,626	72,786	495,379	366,170	-	-	-	1,006,312	2,461,652
Acquisitions	28,211	17,354	26,967	20,300	-	56,248	7,798	-	0	156,877
Disposal	-	-	-	(112,220)	-	-	-	-	-	(112,220)
Reclassification	-	-	-	-	-	1,004,462	-	-	(1,004,462)	-
Balance as at 31 December 2023	88,591	477,979	99,752	403,459	366,170	1,060,710	7,798	-	1,850	2,506,310
Depreciation										
Balance as at 1 January 2023	54,777	379,748	59,592	334,835	179,017	-	-	-	-	1,007,969
Charge for the period	5,377	51,099	8,043	78,017	40,098	17,678	780	-	-	201,093
Disposal	-	-	-	(110,120)	-	-	-	-	-	(110,120)
Balance as at 31 December 2023	60,154	430,847	67,635	302,732	219,115	17,678	780	-	-	1,098,942
Carrying amount										
Balance as at 31 December 2023	28,437	47,132	32,117	100,727	147,055	1,043,031	7,018	-	1,850	1,407,368

Bank 31 December 2024

N'000
Group
31 December 2024

	Office equipment	IT equipments	Furnitures & Fittings	Motor Vehicles	Leasehold Improvement	Building	Plant and Machinery	ATM MACHINE	WIP	Total
Cost										
Balance as at 1 January 2024	88,425	476,951	98,359	383,159	366,030	1,060,710	7,798	-	-	2,481,432
Acquisitions	46,653	101,193	38,013	273,593	-	97,904	-	3,991	-	561,347
Disposal	-	-	-	(28,000)	-	-	-	-	-	(28,000)
Reclassification	-	-	-	-	-	(22,564)	-	-	22,564	-
Balance as at 31 December 2024	135,078	578,145	136,372	628,752	366,030	1,136,050	7,798	3,991	22,564	3,014,779
Depreciation										
Balance as at 1 January 2024	60,055	430,187	66,358	302,732	219,037	17,678	780	-	-	1,096,827
Charge for the period	13,644	29,559	15,072	86,479	40,081	27,265	1,560	200	-	213,859
Disposal	-	-	-	(27,067)	-	-	-	-	-	(27,067)
Balance as at 31 December 2024	73,699	459,745	81,430	362,144	259,119	44,943	2,339	200	-	1,283,620
Carrying amount										
Balance as at 31 December 2024	61,379	118,399	54,942	266,608	106,911	1,091,107	5,459	3,791	22,564	1,731,169

31 December 2023

N'000
Group
31 December 2023

	Office equipment	IT equipments	Furnitures & Fittings	Motor Vehicles	Leasehold Improvement	Building	Plant and Machinery	ATM MACHINE	WIP	Total
Cost										
Balance as at 1 January 2023	60,214	459,598	71,393	495,379	366,030	-	-	-	1,004,462	2,457,074
Acquisitions	28,211	17,354	26,967	-	-	56,248	7,798	-	-	136,577
Disposal	-	-	-	(112,220)	-	-	-	-	-	(112,220)
Reclassification	-	-	-	-	-	1,004,462	-	-	(1,004,462)	-
Balance as at 31 December 2023	88,425	476,951	98,359	383,159	366,030	1,060,710	7,798	-	-	2,481,432
Depreciation										
Balance as at 1 January 2023	54,711	379,293	58,594	334,835	178,956	-	-	-	-	1,006,389
Charge for the period	5,344	50,894	7,764	78,017	40,081	17,678	780	-	-	200,559
Disposal	-	-	-	(110,120)	-	-	-	-	-	(110,120)
Balance as at 31 December 2023	60,055	430,187	66,358	302,732	219,037	17,678	780	-	-	1,096,827
Carrying amount										
Balance as at 31 December 2023	28,369	46,765	32,001	80,427	146,992	1,043,031	7,018	-	-	1,384,604

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000

23 Right of use assets

Group and Bank

Opening balance at 1 January 2024

Additions in the year

Closing balance as at 31 December 2024

Depreciation

Opening balance as at 1 January 2024

Charge for the year

Closing balance as at 31 December 2024

Net book value

	Building	Total
Opening balance at 1 January 2024	296,714	296,714
Additions in the year	-	-
Closing balance as at 31 December 2024	296,714	296,714
Depreciation		
	N'000	N'000
Opening balance as at 1 January 2024	79,434	79,434
Charge for the year	15,930	15,930
Closing balance as at 31 December 2024	95,364	95,364
Net book value	201,349	201,349

ii. Lease liability

Opening balance at 1 January 2024

Interest expense

Closing balance as at 31 December 2024

Non current

Opening balance at 1 January 2023

Additions in the year

Closing balance as at 31 December 2023

Depreciation

Opening balance as at 1 January 2023

Charge for the year

Closing balance as at 31 December 2023

Net book value

Opening balance at 1 January 2024	150,449	150,449
Interest expense	24,265	24,265
Closing balance as at 31 December 2024	174,715	174,715
Non current	174,715	174,715
Opening balance at 1 January 2023	296,714	296,714
Additions in the year	-	-
Closing balance as at 31 December 2023	296,714	296,714
Depreciation		
	N'000	N'000
Opening balance as at 1 January 2023	63,547	63,547
Charge for the year	15,887	15,887
Closing balance as at 31 December 2023	79,434	79,434
Net book value	217,280	217,280

iii. Lease liability

Opening balance at 1 January 2023

Interest expense

Closing balance as at 31 December 2023

Non current

Opening balance at 1 January 2023	129,607	129,607
Interest expense	20,843	20,843
Closing balance as at 31 December 2023	150,449	150,449
Non current	150,449	150,449

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Financial liabilities carried at amortised cost				
24 Deposits				
Demand deposits	47,064,593	14,081,208	47,076,260	13,994,645
Term deposits	110,673,853	147,720,454	111,477,670	148,572,824
Deposits	157,738,447	161,801,662	158,553,929	162,567,468
Current	157,738,447	161,801,662	158,553,929	162,567,468
	157,738,447	161,801,662	158,553,929	162,567,468
25 Due to banks				
Deposit from Banks	19,813,896	15,353,153	19,813,896	15,353,153
	19,813,896	15,353,153	19,813,896	15,353,153
Current	19,813,896	15,353,153	19,813,896	15,353,153
	19,813,896	15,353,153	19,813,896	15,353,153
26 Debt securities issued carried at amortised cost				
Debt securities issued carried at amortised cost	10,419,652	10,414,226	10,526,264	10,527,916
	10,419,652	10,414,226	10,526,264	10,527,916
Current	9,328,353	1,199,563	9,328,353	1,199,563
Non-current	1,091,299	9,214,663	1,197,911	9,328,353
	10,419,652	10,414,226	10,526,264	10,527,916
<i>N'000</i>				
Movement in Debt securities issued				
Net debt as at 1 January 2024	10,414,226	10,268,477	10,527,916	10,378,471
Debt securities issued	-	-	-	-
Repayment of debt securities issued	-	-	-	-
Total change from financing cash flow	10,414,226	10,268,477	10,527,916	10,378,471
Other changes	-	149,883	-	149,883
Interest expense	1,175,857	1,195,866	1,200,000	1,199,562
Interest paid	(1,170,431)	(1,200,000)	(1,201,654)	(1,200,000)
Balance as at December 2024	10,419,652	10,414,226	10,526,264	10,527,916
The Group issued a N10Bn unsecured subordinated bond on July, 23, 2020 with a coupon rate of 12% payable semi-annually. The bond has a tenor of 7 years and is due on July, 2027. This is Series 1 of the bank's N50bn Bond programme issued via Novambl Investments SPV Plc. The subscription offer for this series contains a provision for early redemption in Year 5 at a redemption amount of N10bn. This call option is an embedded derivative which has not been separated from the host contract as the exercise price is approximately equivalent to the amortised cost at year 5.				
<i>N'000</i>				
27 Other liabilities				
Financial liabilities				
Customer's deposits for foreign trade - see note (i) below	57,072,317	15,835,373	57,072,317	15,835,373
Amount held for customer foreign exchange transactions - see note (ii) below	72,883,129	86,679,109	72,882,828	86,679,109
Sundry Creditors (iii)	11,304,913	5,370,475	11,279,345	5,339,680
ECL impairment charge on off balance sheet engagements	46,677	193,268	46,677	193,268
	141,307,036	108,078,226	141,281,167	108,047,430
Non- Financial liabilities				
Statutory payables	139,475	120,055	134,718	119,742
Total other liabilities	141,446,511	108,198,281	141,415,885	108,167,172
Current	141,297,549	108,198,281	141,266,923	108,167,172
Non-current	148,962	-	148,962	-
	141,446,511	108,198,281	141,415,885	108,167,172

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

The reconciliation of ECL on off balance sheet engagement is stated below:

Balance at 1 January	193,268	193,268	193,268	193,268
Increase in ECL impairment (see note 8)	(146,591)	-	(146,591)	-
At 31 December	<u>46,677</u>	<u>193,268</u>	<u>46,677</u>	<u>193,268</u>

- (i) This represents the naira value of foreign currencies held on behalf of customers to cover letters of credit transactions.
(ii) This represents collections for the purchase of foreign currency from the Central Bank of Nigeria on behalf of customers.
(iii) This mostly represents unsettled interbank transactions as at 31 Dec 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
28 Share capital				
Share capital In thousands of Naira				
i Authorised:				
26,000,000,000 ordinary shares of N1 each	26,000,000	16,000,000	26,000,000	16,000,000
Issued and fully paid-up :				
ii 26,000,000,000 ordinary shares of N1 each	26,000,000	16,000,000	26,000,000	16,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank.

iii Right Issue

During the year, the Group made a right issue of 1,566,962,000 (One billion, five hundred and sixty six million, nine hundred and sixty two thousand shares). The shares (right issue) were issued at par (one share at one naira) to all existing shareholders in proportion to their existing shareholding ranking pari passu with existing shares.

iv Bonus Issue

During the year, the Group issued bonus issue of 7,032,703,000 (seven billion, thirty two million, seven hundred and three thousand shares). The shares (bonus issue) were issued at par (one share at one naira) to all existing shareholders in proportion to their existing shareholding ranking pari passu with existing shares.

v Deposit for share capital

During the year, the Group transferred the Deposit for share issue of 1,400,335,000 (One billion, four hundred million, three hundred and thirty-five thousand shares) to Share capital.

29 Retained earnings and other reserves

Other regulatory reserves

i Statutory reserves

Nigerian Banking regulations require the Group to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

ii Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

iii Fair value reserves

The revaluation reserves show the effects from the fair value measurement of financial instruments of the fair value through other comprehensive income category. Any gains or losses on this class of financial instruments are not recognised in the income statement until the asset has been sold or impaired.

iv Non Controlling interest

Non-controlling interest (NCI), also known as minority interest, represents the portion of the subsidiary's equity that is not owned by the parent company.

Reconciliation of NCI

<i>N'000</i>	Net Asset of Subsidiaries		NCI	
	2024	2023	2024	2023
Nova Asset Mgt	285,061	170,939	2,851	1,710
Nova Securities	452,276	340,427	46,608	37,189
			<u>49,459</u>	<u>38,899</u>

30 Regulatory risk reserves

This represents a non-distributable reserves for the excess between the impairment reserves on loans and advances determined using Prudential Guidelines issued by the Central Bank of Nigeria over the impairment reserves calculated under IFRS.
Movement in regulatory risk reserves

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>N'000</i>				
Balance as at 1 January	2,303,598	2,101,521	2,303,598	2,101,521
Transfer from retained earnings	2,611,670	202,077	2,611,670	202,077
Balance as at 31 December	<u>4,915,268</u>	<u>2,303,598</u>	<u>4,915,268</u>	<u>2,303,598</u>

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
N'000				
31 Prudential adjustments				
Prudential guidelines provision:				
- General provisions	5,535,857	2,683,431	5,535,857	2,683,431
	5,535,857	2,683,431	5,535,857	2,683,431
IFRS impairment provisions:				
- ECL provision on financial assets	620,590	379,832	620,590	379,832
	620,590	379,832	620,590	379,832
Difference in IFRS impairment over prudential guidelines accounted for in regulatory risk reserves	4,915,268	2,303,598	4,915,268	2,303,598

In line with the regulatory requirements of the Central Bank of Nigeria, provisions for loans recognised in the statement of comprehensive income determined based on the impairment provision requirement under IFRS should be compared with the provisions determined under prudential guidelines and the difference should be treated as follows:

i. If impairment under Prudential Guidelines exceed the IFRS provisions; the resulting excess provision should be transferred from the general reserve account to a non-distributable " regulatory risk reserve"

ii. If the provisions under the Prudential Guidelines is less than the IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

As at 31 December 2024, the CBN Prudential provision was higher than the IFRS impairment provision. There was N2.04billion (2023: N202million) additional reclassification from retained earnings to the regulatory risk reserve because the amount already recognised in the regulatory risk is lower than the CBN Prudential provision when add to the IFRS impairment provision.

32 Contingent liabilities and commitments

a Legal Proceedings

The Group is presently involved in litigation suits in the ordinary course of business. The total amount claimed against the Group is estimated at N17million as at 31 December 2024 (31 December 2023: N50million). The actions are being contested and the Directors are of the opinion that no significant liability will crystallise from these cases, and they are not aware of any other pending or threatened claims and litigations.

In arriving at this conclusion, the Group has relied on evidence and recommendations from its internal litigation group and its team of external solicitors.

b Credit related commitments

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
N'000				
Letters of credit	10,229,576	74,433,679	10,229,576	74,433,679
Bonds and Guarantees	-	378,847	-	378,847
	10,229,576	74,812,526	10,229,576	74,812,526

33 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes key management personnel. The key management personnel have been identified as directors of the Group.

A number of transactions are entered into with related parties in the normal course of business. These include wages and salaries paid and payable to related parties, employer pension contribution and loans and advances to related parties.

Parent

The parent company, which is also the ultimate parent company, is Nova Commercial Bank Limited and Nova Commercial Bank Limited has an ultimate controlling party, which is Philips Oduoza, who has 50.49% shareholding.

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(i) Key management personnel

The key management personnel represent the executive management and board of directors.

N'000	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>(a) Compensation to directors</i>				
Fees and sitting allowances	154,979	136,375	137,533	114,225
Wages and salaries	258,131	252,833	258,131	252,833
Pension Contribution	12,382	10,382	12,382	10,382
Other directors expenses	17,470	10,970	17,470	10,970
	442,962	410,561	425,516	388,411
<i>(b) Loans and advances to directors</i>				
	-	94,919	-	94,919

N'000	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
<i>(ii) Subsidiaries</i>				
Receivable from NovaMBL Asset Management Limited	-	-	302,080	302,080
Receivable from NovaMBL Securities Limited	-	-	95,020	140,874
	-	-	397,100	442,954

The receivable from subsidiaries above represent transaction payments made by the bank on behalf of the subsidiaries. Cash reimbursement are made to the bank at no cost

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

35 Insider related credits

In compliance with Central Bank of Nigeria circular BSD/1/2004 on insider related credits, the Group follows a strict process in its Credit policy manual granting insider related credits

Below is a schedule showing Directors insider related credits as at 31 December 2024

S/N	CUSTOMER NAME	DIRECTOR RELATIONSHIP	FACILITY TYPE	BALANCE IN NAIRA	BANK IFRS9 STAGING	DETAILS OF SECURITIES
1	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	TRADE LOAN	77,254,453	1	All assets debenture
2	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	SPOT FOR FORWARD DISCOUNTING	247,465,400	1	All assets debenture
3	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	OFFSHORE REFINANCE	246,254,523	1	All assets debenture
4	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	OVERDRAFT	90,497,344	1	All assets debenture
5	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	OFFSHORE REFINANCE	341,439,224	1	All assets debenture
6	PARCO ENTERPRISES NIGERIA LIMITED	Shams Butt -Non-Executive Director	SPOT FOR FORWARD DISCOUNTING	82,149,566	1	All assets debenture
7	HFP DECOR LIMITED	Shams Butt -Non-Executive Director	SHORT TERM LOAN	3,471,158,838	1	All assets debenture
8	NOVAMBL ASSET MANAGEMENT LIMITED	Subsidiary	SHORT TERM LOAN	1,238,471,233	1	FGN Bonds
			TOTAL	5,794,690,582		

36 Proposed dividend

The Directors, pursuant to the power vested in it by the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, proposed a full year dividend of N1.807billion representing 6.95 kobo per N1.00 share held in Nova Commercial Bank Limited from the retained earnings account as at 31 December 2024. The proposed dividend will be presented to shareholders for approval at the next Annual General Meeting. The dividend will be paid subject to withholding tax of 10%

37 Non-audit services

During the year, the auditors PwC performed the following non-audit engagements.

Name of signer	FRC number	Name of firm	Contract sum (N)	Service Description
Chidi Ojechi	FRC/2017/ICAN/00000015955	PricewaterhouseCoopers	N1million	Certification of total deposit outstanding in the books of the bank as at 31 December 2024.

38 Compliance with Banking Regulations

During the year, the Group paid N14million (2023: N24.5million) penalty to CBN arising from CBN risk base examination (penalty: N12million) and AML/CFT infringement for risk based examination (penalty: N2million)

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000

39 Statement of Cashflow workings	Note	Group December 2024	Group December 2023	Bank December 2024	Bank December 2023
(i) Profit/loss on disposal of property and equipment					
Cost	22	28,000	112,220	28,000	112,220
Accumulated depreciation	22	(27,067)	(110,120)	(27,067)	(110,120)
Net book value		933	2,100	933	2,100
Proceeds from disposal of property and equipment		4,200	16,177	4,200	16,177
Profit on disposal	12	3,267	14,077	3,267	14,077
(ii) Mandatory reserve deposits with the Central Bank of Nigeria					
Balance as at beginning of the year	16	33,204,707	42,919,388	33,203,657	42,918,338
Cash (inflow)/outflow from reserve deposit		(5,781,104)	(9,714,681)	(5,780,054)	(9,714,681)
Balance as at end of the year	16	27,423,603	33,204,707	27,423,603	33,203,657
(iii) Loans and advances to customers					
Gross loans beginning of the year	17	103,860,264	96,660,156	105,075,294	97,398,658
Gross loans, end of the year	17	97,045,074	103,860,264	98,313,177	105,075,294
		(6,815,190)	7,200,107	(6,762,117)	7,676,636
Interest receivable		(348,029)	1,245,895	(348,029)	1,245,895
Foreign exchange gain/(loss) on FCY balances		(556,045)	(208,347)	(556,045)	(208,347)
Cash outflow		(7,719,264)	8,237,655	(7,666,191)	8,714,184
(iv) Financial instruments - FVTPL					
Balance as at beginning of the year	18	154,720	158,196	-	-
Cash outflow due to proceeds from sale of financial assets at FVTPL		2,691,880	202,367	2,214,987	41,654
Other changes		-	(161,672)	-	-
Net gains on FVTPL instruments	10	(2,427,393)	(44,171)	(2,214,987)	(41,654)
Balance as at end of the year	18	419,207	154,720	-	-
(v) Other assets					
Balance as at beginning of the year	20	88,478,219	30,931,971	88,856,339	31,317,735
Cash inflow due to changes in other assets		(6,387,936)	57,479,231	(6,424,808)	57,471,587
Adjustment for NCI		-	-	-	-
Exchange Gain		70,230	67,017	70,230	67,017
Balance as at end of the year	20	82,160,512	88,478,219	82,501,761	88,856,339
(v) Other assets					
Balance as at beginning of the year	20	88,478,219	30,931,971	88,856,339	31,317,735
Cash inflow due to changes in other assets		(6,387,936)	57,479,231	(6,424,808)	57,471,587
Adjustment for NCI		-	-	-	-
Exchange Gain		70,230	67,017	70,230	67,017
Balance as at end of the year	20	82,160,512	88,478,219	82,501,761	88,856,339
(vi) Due to banks					
Balance as at beginning of the year	25	15,353,153	26,993,262	15,353,153	26,993,262
Cash inflow due to increase in liabilities - due to banks		4,778,710	(11,100,963)	4,778,710	(11,100,963)
Interest payable		(247,861)	(481,384)	(247,861)	(481,384)
Exchange movement		(70,105)	(57,763)	(70,105)	(57,763)
Balance as at end of the year	25	19,813,896	15,353,153	19,813,896	15,353,153
(vii) Deposits					
Balance as at beginning of the year	24	161,801,658	152,013,035	162,567,470	151,972,464
Cash inflow due to increase in liabilities - due to banks		(4,574,147)	10,128,267	(4,520,146)	10,925,329
Interest payable		1,417,615	(14,434)	1,406,211	(5,118)
Exchange movement		(906,679)	(325,205)	(899,606)	(325,205)
Balance as at end of the year	24	157,738,447	161,801,658	158,553,929	162,567,470

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(viii) Other liabilities

Balance as at beginning of the year (See note 27)	27	108,198,281	54,283,732	108,167,172	54,235,631
Impairment charge on contingent assets	8	(146,591)	-	(146,591)	-
Cash inflow due to increase in liabilities - Other liabilities		33,513,204	54,030,606	33,513,687	54,047,600
Exchange movement		(118,383)	(116,059)	(118,383)	(116,059)
Balance as at end of the year (See note 27)	27	<u>141,446,511</u>	<u>108,198,281</u>	<u>141,415,885</u>	<u>108,167,172</u>

(ix) Interest received

Interest income for the year	6	32,317,972	24,267,970	31,961,797	23,924,590
FX impact on interest income		(161,001)	-	(164,076)	-
Interest receivable	39(iii)	(109,528)	1,059,271	(334,140)	931,275
Interest received		<u>32,047,443</u>	<u>25,327,241</u>	<u>31,463,581</u>	<u>24,855,865</u>

(x) Interest paid

Interest expense	7	(26,444,469)	(22,338,063)	(25,938,796)	(22,110,025)
Interest payable on deposit	39(vii)	1,417,615	131,751	1,406,211	(5,118)
Interest payable on due to banks	39(vi)	(247,861)	(481,384)	(247,861)	(481,384)
Interest payable on debt securities issued	26	(1,654)	(438)	(1,654)	(438)
Interest payable on lease liability	7	24,265	20,843	24,265	20,843
Interest paid		<u>(25,252,104)</u>	<u>(22,667,290)</u>	<u>(24,757,835)</u>	<u>(22,576,122)</u>

(xi) Pledged assets

Balance as at beginning of the year	18a	7,083,899	44,055,112	7,083,899	44,055,112
Cash outflow due to changes in pledged assets		3,385,065	(36,999,716)	3,385,065	(36,999,716)
ECL Impairment charges		(9,750)	28,504	(9,750)	28,504
Balance as at end of the year (See note 19a)	18a	<u>10,459,214</u>	<u>7,083,899</u>	<u>10,459,214</u>	<u>7,083,899</u>

(xii) Investment securities

Balance as at beginning of the year	18b	60,661,200	14,582,067	59,613,775	14,577,567
Change in fair value (See SOCI)		(236,757)	-	(236,757)	-
ECL Impairment charges	8	100,789	(101,641)	100,789	(101,641)
Interest receivable		(238,501)	186,624	(13,889)	314,621
Acquisitions		120,598,505	50,106,679	120,598,505	50,111,179
Disposals		(113,718,560)	(4,112,528)	(114,243,620)	(5,287,950)
Balance as at end of the year	18b	<u>67,135,871</u>	<u>60,661,200</u>	<u>66,055,561</u>	<u>59,613,775</u>

Notes of the Consolidated and Separate Statement (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

40 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the group's management and internal reporting structure. The group presents segment information to its Board of Directors, which is the group's chief operating decision maker, based on International Financial Reporting Standards. All segments are operated in Nigeria.

2024	Bank Segment	Investment Management Segment	Unallocated Segment	Total
N'000				
Interest income	31,961,797	356,176	-	32,317,972
Interest expense	(25,938,796)	(505,673)	-	(26,444,469)
Net interest income	6,023,001	(149,498)	-	5,873,503
Impairment charge for credit losses	(118,149)	-	-	(118,149)
Other operating income	11,987,742	300,804	-	12,288,547
Operating expenses	(6,501,658)	(114,795)	-	(6,616,453)
Profit before tax	11,390,936	36,511	-	11,427,447
Income tax	(3,359,702)	163,099	-	(3,196,604)
Profit for the year	8,031,233	199,610	-	8,230,843
Total assets	374,301,251	2,409,818	-	373,511,795
Total liabilities	333,747,679	1,698,846	-	332,676,102
Net Assets	40,553,572	710,973	-	40,835,693
2023				
Interest income	23,924,590	343,380	-	24,267,970
Interest expense	(22,110,025)	(228,038)	-	(22,338,063)
Net interest income	1,814,565	115,342	-	1,929,907
Impairment charge for credit losses	(417,609)	-	-	(417,609)
Other operating income	6,673,823	30,798	-	6,704,621
Operating expenses	(4,454,660)	(97,141)	-	(4,551,801)
Profit before tax	3,616,119	48,999	-	3,665,118
Income tax	(636,876)	3,557	-	(633,319)
Profit for the year	2,979,244	52,556	-	3,031,799
Total assets	328,215,073	2,292,516	-	327,449,342
Total liabilities	297,095,624	1,781,150	-	296,247,380
Net Assets	31,119,449	511,366	-	31,201,962

The total assets and liabilities of the Bank is higher than the Group total assets and liabilities due to intercompany elimination.

Other National Disclosures Value Added Statement

FOR THE YEAR ENDED 31 DECEMBER 2024

N'000	Group December 2024		Group December 2023		Bank December 2024		Bank December 2023	
		%		%		%		%
Gross earnings	44,606,519		30,972,591		43,949,539		30,598,413	
Interest expense	(26,444,469)		(22,338,063)		(25,938,796)		(22,110,025)	
Administrative overheads- local	(3,984,532)		(2,890,740)		(4,704,936)		(2,998,292)	
Total value added	14,177,518		5,743,788		13,305,807		5,490,096	
Distribution of value added								
To employees and directors:								
Salaries and benefits	2,490,841	18%	1,704,765	30%	1,705,039	13%	1,410,469	26%
To government:								
Tax	3,196,604	23%	633,319	11%	3,359,702	25%	636,876	12%
Provide for maintenance and expansion of the company								
For replacement of property, plant and equipment (depreciation)	219,280	2%	201,093	4%	201,093	2%	260,658	5%
Depreciation of right of use asset	15,930	0%	15,887	0%	15,887	0%	15,887	0%
For replacement of intangible assets (amortisation)	188,093	1%	156,925	3%	156,925	1%	186,964	3%
Retained earnings	8,066,770	57%	3,031,799	53%	7,867,160	59%	2,979,242	54%
	14,177,518	100%	5,743,788	100%	13,305,807	100%	5,490,096	100%

These statements shows the distribution of the wealth created by the Bank during the period.

Other National Disclosures

THREE-YEAR FINANCIAL SUMMARY-GROUP

N'000	December 2024	December 2023	December 2022
Assets			
Balances with banks	114,469,738	65,439,217	81,239,070
Loans to banks and other financial institutions	-	-	-
Loans and advances to customers	96,424,484	103,480,431	96,624,796
Investment securities	67,135,871	60,661,200	14,740,264
Derivative financial assets	-	-	9,214,855
Pledged assets	10,459,214	7,083,899	44,055,112
Property and equipment	1,748,502	1,407,368	1,453,684
Right-of-use asset	201,349	217,280	233,167
Intangible assets	912,125	549,677	933,251
Other assets	82,160,512	88,478,219	30,931,971
Deferred tax assets	-	132,051	454,490
Total assets	373,511,795	327,449,342	279,880,660
Liabilities			
Due to Banks	19,813,896	15,353,153	26,993,262
Due to customers	157,738,447	161,801,662	152,013,035
Derivative financial liabilities	-	-	9,160,449
Lease liability	174,712	150,449	129,607
Current tax liabilities	2,418,891	329,614	262,270
Deferred Tax Liability	663,993	-	-
Other liabilities	141,446,511	108,198,280	54,283,732
Debt securities issued	10,419,652	10,414,226	10,268,478
Total liabilities	332,676,101	296,247,385	253,110,833
Equity			
Share capital	26,000,000	16,000,000	16,000,000
Deposit for Share Capital	-	1,400,335	-
Statutory reserve	6,753,498	4,344,129	3,450,356
Retained earnings	3,242,858	7,076,316	5,144,474
Fair value reserve	(125,390)	38,684	38,684
Regulatory risk reserve	4,915,268	2,303,598	2,101,521
Total equity attributable to owners of the Parent	40,786,233	31,163,062	26,735,035
Non-controlling interest	49,459	38,899	34,792
Total Equity	40,835,692	31,201,961	26,769,827
Total liabilities and equity	373,511,793	327,449,346	279,880,660

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

N'000	December 2024	December 2023	December 2022
Interest income	32,317,972	24,267,970	16,637,890
Interest expense	(26,444,469)	(22,338,063)	(15,978,065)
Net interest income	5,873,503	1,929,907	659,825
Impairment charge for credit losses	(118,149)	(417,609)	(139,345)
Fee and commission income	3,629,750	1,923,779	1,876,331
Net gains on financial instruments held for trading	2,427,393	(31,218)	1,007,124
Net foreign exchange gain	6,165,766	4,673,474	3,766,559
Other income	65,638	138,586	53,891
Operating expenses	(6,616,453)	(4,551,801)	(3,886,711)
Profit before tax	11,427,446	3,665,117	3,337,672
Income tax	(3,196,604)	(633,319)	(241,120)
Profit for the year	8,230,842	3,031,798	3,096,552
Net changes in fair value of financial assets FVOCI	(236,757)	-	13,393
Other comprehensive loss, net of related tax effects:	(236,757)	-	13,393
Total comprehensive income for the period	7,994,085	3,031,798	3,109,945
Profit for the period attributable to:			
Owners of Parent	8,220,284	3,027,692	3,098,328
Non-controlling interest	10,560	4,107	(1,774)
Profit for the period	8,230,844	3,031,799	3,096,554
Total comprehensive income attributable to:			
Owners of Parent	8,056,420	3,027,692	3,111,722
Non-controlling interest	10,349	4,107	(1,774)
Total comprehensive income	8,066,770	3,031,799	3,109,947

Other National Disclosures

FIVE- YEAR FINANCIAL SUMMARY- BANK

N'000	December 2024	December 2023	December 2022	December 2021	December 2020
Assets					
Balances with banks	114,324,898	65,284,072	79,877,938	56,107,545	46,822,920
Loans and advances to customers	97,692,587	104,695,462	97,363,297	90,382,235	49,971,622
Investment securities	66,055,561	59,613,775	14,577,567	19,424,091	52,822,843
Investment in subsidiaries	431,167	431,167	431,167	431,167	415,000
Derivative financial assets	-	-	9,214,855	3,149,319	3,700,410
Pledged assets	10,459,214	7,083,899	44,055,112	50,016,537	22,071,575
Property and equipment	1,731,159	1,384,604	1,450,686	1,363,500	931,272
Right-of-use asset	201,349	217,280	233,167	249,054	264,940
Intangible assets	903,555	532,536	907,539	544,976	672,375
Other assets	82,501,761	88,856,339	31,317,735	20,468,893	4,143,416
Deferred tax assets	-	115,939	443,497	443,497	443,498
Total assets	374,301,253	328,215,073	279,872,560	242,580,814	182,259,871
Liabilities					
Due to banks	19,813,896	15,353,153	26,993,262	26,813,409	21,713,953
Due to customers	158,553,929	162,567,469	151,972,464	116,889,467	89,611,830
Derivative financial liabilities	-	-	9,160,449	3,072,162	3,680,548
Lease liability	174,712	150,449	129,607	111,651	96,184
Current tax liabilities	2,416,780	329,463	262,804	80,646	34,670
Deferred Tax Liability	846,213	-	-	-	-
Other liabilities	141,415,885	108,167,172	54,235,631	61,739,140	34,023,634
Debt securities issued	10,526,264	10,527,916	10,378,471	10,361,697	10,333,708
Total liabilities	333,747,679	297,095,623	253,132,688	219,068,172	159,494,527
Equity					
Share capital	26,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Deposit for Share Capital	-	1,400,335	-	-	-
Statutory reserve	6,753,499	4,344,129	3,450,356	2,486,205	2,010,946
Retained earnings	3,010,195	7,032,703	5,149,311	2,899,625	3,404,787
Fair value reserve	(125,390)	38,684	38,684	25,291	62,188
Regulatory risk reserve	4,915,268	2,303,598	2,101,521	2,101,521	1,287,423
Total equity attributable to owners of the Parent	40,553,571	31,119,450	26,739,873	23,512,642	22,765,344
Non-controlling interest	-	-	-	-	-
Total Equity	40,553,571	31,119,450	26,739,873	23,512,642	22,765,344
Total liabilities and equity	374,301,252	328,215,073	279,872,560	242,580,814	182,259,871

Other National Disclosures

FIVE- YEAR FINANCIAL SUMMARY- BANK

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

N'000	December 2024	December 2023	December 2022	December 2021	December 2020
Interest income	31,961,797	23,924,590	16,267,809	12,054,334	9,603,920
Interest expense	(25,938,796)	(22,110,025)	(15,565,650)	(11,885,626)	(7,181,076)
Net interest income	6,023,001	1,814,565	702,159	168,708	2,424,605
Impairment charge for credit losses	(118,149)	(417,609)	(139,345)	7,104	(72,696)
Fee and commission income	3,590,512	1,896,702	1,871,274	798,732	320,272
Net gains on financial instruments held for trading	2,214,987	(33,735)	1,015,864	1,496,753	2,959,026
Net foreign exchange gain	6,165,766	4,673,474	3,766,559	2,483,112	369,614
Other income	16,478	137,381	43,397	42,589	5,862
Operating expenses	(6,501,658)	(4,454,660)	(3,800,577)	(3,332,741)	(2,581,382)
Profit before tax	11,390,937	3,616,119	3,459,329	1,664,258	3,425,301
Income tax	(3,359,702)	(636,876)	(245,493)	(80,062)	(34,424)
Profit for the year	8,031,235	2,979,244	3,213,837	1,584,196	3,390,877
Net changes in fair value of financial assets FVOCI	(236,757)	-	13,393	(36,897)	(185,345)
ECL on debt instruments classified as FVOCI	72,682	-	-	-	-
Other comprehensive loss, net of related tax effects:	(164,075)	-	13,393	(36,897)	(185,345)
Total comprehensive income for the period	7,867,160	2,979,244	3,227,230	1,547,299	3,205,532
Profit for the period attributable to:					
Owners of Parent	8,031,235	2,979,244	3,213,837	1,584,196	3,390,877
Non-controlling interest	-	-	-	-	-
Profit for the period	8,031,235	2,979,244	3,213,837	1,584,196	3,390,877
Total comprehensive income attributable to:					
Owners of Parent	7,867,160	2,979,244	3,227,230	1,547,299	3,205,532
Non-controlling interest	-	-	-	-	-
Total comprehensive income	7,867,160	2,979,244	3,227,230	1,547,299	3,205,532

