



STERLING FINANCIAL HOLDINGS COMPANY PLC

**ANNUAL REPORT, CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2025**

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REPORT OF THE DIRECTORS

The Directors have pleasure of presenting to the members of Sterling Financial Holdings Company Plc ("the Holdco") their report together with the audited consolidated and separate financial statements for the year ended 31 December 2025.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

The principal activity of Sterling Financial Holdings Company Plc (the Company) is to carry on business as a non-operating financial holding company investing in companies as may be approved by the Board of Directors and in accordance with Central Bank of Nigeria permissible activities. The Company has 3 (three) subsidiaries – Sterling Bank Ltd, a commercial bank, Alternative Bank Limited, a non-interest bank and SterlingFi Wealth Management Ltd, an asset management company.

Legal form

Sterling Financial Holdings Company Plc was incorporated on 13 October 2021 as a private limited liability company and re-registered as a public company on 16 November 2022. The Company's shares were listed on Nigerian Exchange Limited on 6 April 2023. The Central Bank of Nigeria issued the Company its final license on 27 June 2023 and it (the Company) commenced operations on 1 July 2023.

REPORT OF THE DIRECTORS - Continued**OPERATING RESULTS**

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

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
Gross earnings	486,799	337,192	15,006	14,044
Profit before income tax	86,776	45,862	10,729	11,474
Income tax expense	(10,442)	(2,187)	(1,734)	(1,075)
Profit after income tax	76,334	43,675	8,995	10,399
Profit attributable to equity holders	76,334	43,675	8,995	10,399
Total non-performing loans as % of gross loans	4.7%	5.4%	-	-
Earnings per share (kobo) – Basic	152k	151k	18k	36k
Earnings per share (kobo) – Diluted	152k	151k	18k	36k

Dividend

The Directors did not propose any dividend for the year 2025 (31 December 2024: 18k per share).

REPORT OF THE DIRECTORS - Continued

Directors who served during the year

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

Name	Designation	Interest represented
Mr. Adeyemi Adeola	Chairman	Alfanoma Nigeria Limited Silverlake Investments Limited Reduvita Limited Quakers Integrated Services Limited Concept Features Limited
Ms. Eniye Ambakederemo	Independent Director	
Mr. Adeshola Adekoya	Non-Executive Director	STB Building Society Limited Eltees Properties Rebounds Integrated Services Limited
Ms. Aisha Bashir	Independent Director	
Mr. Ashutosh Kumar	Non-Executive Director	State Bank of India
Mr. Abubakar Suleiman	Non-Executive Director	
Mr. Yemi Odubiyi	Group Managing Director	
Mr. Olayinka Oni	Executive Director	

REPORT OF THE DIRECTORS - Continued

Going concern

The Directors assess the future performance and financial position of Sterling Financial Holdings Company Plc (Holdco) and its subsidiaries (the Group) on an ongoing basis and have no reason to believe that the Group will not be a going concern in the next twelve months from the date of this report. For this reason, these consolidated and separate financial statements are prepared on a going-concern basis.

Director’s interests in shares

Interest of directors in the issued share capital of the Company as recorded in the Register of members and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act 2020 were as follows:

		31-Dec-25	31-Dec-25	31-Dec-24	31-Dec-24
	Names	Direct	Indirect	Direct	Indirect
1	Mr. Adeyemi Adeola	72,000,031	14,757,945,697	57,600,025	1,443,034,413
2	Ms. Eniye Ambakederemo	-		-	-
3	Mr. Adeshola Adekoya	-	1,552,927,175	-	1,311,980,527
4	Ms. Aisha Bashir	-		-	-
5	Mr. Ashutosh Kumar	-	2,549,505,026	-	2,549,505,026
6	Mr. Abubakar Suleiman	604,326,028	82,000,000	419,989,474	-
7	Mr. Yemi Odubiyi	-	810,783,773	376,417,493	-
8	Mr. Olayinka Oni	53,916,501		15,391,539	-

Director’s interests in contracts

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

Director’s Remuneration

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

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

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

Beneficial ownership

The Company is owned by Nigerian citizens, corporate bodies and foreign investors.

REPORT OF THE DIRECTORS - Continued**Analysis of shareholding**

The range analysis of the distribution of the shares of the Holdco as at 31 December 2025 is as follows:

Range of shares			Number of holders	%	Number of units	%
1	-	1,000	44,588	39.70%	21,269,736	0.04%
1001	-	5,000	32,982	29.36%	75,766,395	0.14%
5,000	-	10,000	11,002	9.80%	76,943,520	0.14%
10,001	-	20,000	8,542	7.61%	117,828,440	0.22%
20,001	-	50,000	6,223	5.54%	198,391,479	0.36%
50,001	-	100,000	3,527	3.14%	250,424,826	0.46%
100,001	-	200,000	2,283	2.03%	325,294,075	0.59%
200,001	-	500,000	1,704	1.52%	535,730,859	0.98%
500,001	-	10,000,000	1,332	1.19%	1,611,012,571	2.95%
Above 10,000,001			126	0.11%	34,910,921,264	63.83%
Foreign shareholding			4	0.00%	16,566,509,543	30.29%
			112,313	100.00%	54,690,092,708	100.00%

The following shareholders have shareholding of 5% and above as at 31 December 2025:

	31-Dec-25	31-Dec-25	31-Dec-24	31-Dec-24
	Unit holding	% holding	Unit holding	% holding
Cardinal Stone Asset Management Limited (Sterling Closed Investment Fund)	16,666,666,667	30.47	16,666,666,667	36.66
Silverlake Investments Limited	13,314,911,284	24.35	7,197,604,531	15.83
State Bank of India	-	-	2,549,505,026	5.61

REPORT OF THE DIRECTORS - Continued**Donations and Charitable Gifts**

The Group donated a total sum of N809.5 million during the year ended 31 December 2025 (2024: N469.4million) to various charitable organizations in Nigeria, details of which are shown below. No donation was made to any political organization.

Details of Donation	Purpose	Amount (N'm)
Beyond Education initiative	Corporate Social Responsibility	234.5
International African Trade Fair (IATF)	Sponsorship	77.0
Membership commitment	Sponsorship	70.0
Support for Health and Social Welfare Initiatives	Corporate Social Responsibility/Sponsorship	54.3
Ake Arts and Book Festival	Sponsorship	53.7
18th Annual Banking and Finance Conference	Sponsorship	48.0
ALFALFA	Corporate Social Responsibility	40.0
MRHR health care services for Nigerian women	Corporate Social Responsibility	30.0
Support for Youth and Creative Development Initiatives	Corporate Social Responsibility/Sponsorship	24.0
Support for Environmental Sustainability Initiatives	Corporate Social Responsibility/Sponsorship	24.0
Development Initiatives	Sponsorship	21.8
SMFest Abuja	Sponsorship	20.0
Support for Educational Advancement Programmes and	Corporate Social Responsibility	16.5
Kano Trade Fair 2025 Sponsorship	Sponsorship	15.0
Sponsorship of The 18Th Annual Banking And Finance	Sponsorship	12.0
Sterling Environmental Makeover 2025	Corporate Social Responsibility	7.6
Oba Ji Festival 2025	Sponsorship	5.0
Support for Women Empowerment Initiatives	Sponsorship	5.0
Others	Corporate Social Responsibility/Sponsorship	30.0
		809.2

REPORT OF THE DIRECTORS - Continued

Gender Analysis of Staff

Analysis of staff employed by the Group during the year ended 31 December 2025

GROUP

DESCRIPTION	% TO	
	NUMBER	TOTAL STAFF
Female new hire	384	37.7%
Male new hire	634	62.3%
Total new hire	<u>1,018</u>	<u>100.0%</u>
Female as at 31 December 2025	1,649	44.3%
Male as at 31 December 2025	<u>2,074</u>	<u>55.7%</u>
Total staff	<u>3,723</u>	<u>100.0%</u>

Analysis of top management positions by gender as at 31 December 2025:

GRADE	FEMALE	MALE	TOTAL
Senior Management (AGM –GM)	14	36	50
Middle Management (DM – SM)	<u>111</u>	<u>200</u>	<u>311</u>
TOTAL	<u>125</u>	<u>236</u>	<u>361</u>

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

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	4	5
Managing Director	-	3	3
Non-Executive Director	<u>9</u>	<u>10</u>	<u>19</u>
TOTAL	<u>10</u>	<u>17</u>	<u>27</u>

Total remuneration of the Group's Senior Management (Assistant General Managers, Deputy General Managers, General Managers and Executive Directors) in 2025 amounted to N791million (2024: N750million).

Acquisition of own shares

The Company did not acquire any of its shares during the year ended 31 December 2025 (2024: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 24 to the consolidated and separate financial statements.

REPORT OF THE DIRECTORS - Continued

Employment and employees

Employment of disabled persons:

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

Health, safety and welfare of employees:

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

Employee training and development

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

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

Events after the reporting date

Note 37 to the consolidated and separate financial statements discloses no events after the reporting date, that could have a material effect on the consolidated and separate financial position of the Group and the Company as at 31 December 2025 or their profit for the year then ended.

Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020 and Section 20.2 of Nigerian Code of Corporate Governance 2018, Messrs. Deloitte & Touche have indicated their willingness to continue as External Auditors of Sterling Financial Holdings Company Plc.

BY ORDER OF THE BOARD:



Sunny Kanabe

Company Secretary

FRC/2025/PRO/NBA/002/099459

20 Marina, Lagos, Nigeria.

12 March, 2026

SHAREHOLDING STRUCTURE/ FREE FLOAT STATUS

Description	31-December-2025		31-December-2024	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	54,690,092,708	100%	45,457,084,791	100%
Substantial Shareholdings (5% and above)				
Cardinal Stone Asset Management Limited (Sterling Closed Investment Fund)	16,666,666,667	30.47%	16,666,666,667	36.66%
Silverlake Investments Limited	13,314,911,284	24.35%	7,197,604,531	15.83%
State Bank of India	-	0.00%	2,549,505,026	5.61%
Total Substantial Shareholdings	29,981,577,951	54.82%	26,413,776,224	58.10%
Director's Shareholdings (Direct, and Indirect), excluding directors with substantial interests				
Mr. Adeyemi Adeola (Direct)	72,000,031	0.13%	57,600,025	0.13%
Ms. Eniye Ambakederemo	-	0.00%	-	0.00%
Mr. Adeshola Adekoya	-	0.00%	-	0.00%
Ms. Aisha Bashir	-	0.00%	-	0.00%
Mr. Ashutosh Kumar	-	0.00%	-	0.00%
Mr. Abubakar Suleiman (Direct & Indirect)	686,326,028	1.25%	419,989,474	0.92%
Mr. Yemi Odubiyi (Indirect)	810,783,773	1.48%	376,417,493	0.83%
Mr. Olayinka Oni (Direct)	53,916,501	0.10%	15,391,539	0.03%
Total Directors Shareholdings	1,623,026,333	2.97%	869,398,531	1.91%
Other Influential Shareholdings				
Ess-ay Investments Ltd	2,678,152,467	4.90%	1,462,919,568	3.22%
State Bank of India	2,549,505,026	4.66%	-	0.00%
Mike Adenuga	1,620,376,969	2.96%	1,620,376,969	3.56%
Afriswiss Asset Management Ltd	575,808,362	1.05%	575,808,362	1.27%
FCMB Nominees Ltd/Pacific Credit Ltd	524,273,018	0.96%	524,273,018	1.15%
Hyers Capital Ltd	515,808,362	0.94%	515,808,362	1.13%
Rankinton, Investments Inc	477,367,650	0.87%	477,367,650	1.05%
Adeola, Tajudeen Afolabi	404,285,555	0.74%	404,285,555	0.89%
Sterling Bank Co-operative Multipurpose Society Limited	270,901,008	0.50%	257,805,841	0.57%
Int'l Beer & Beverages Limited	205,716,974	0.38%	205,716,974	0.45%
Others	-	0.00%	968,205,643	2.13%
Total other Influential Shareholdings	9,822,195,391	17.96%	7,012,567,942	15.42%
Free Float in Units and Percentage	13,263,293,033	24.25%	11,161,342,094	24.55%
Free Float in Value	N93,506,215,883		N62,430,182,791	

Declaration:

(A) Sterling Financial Holdings Company Plc with a free float percentage of 24.25% as at 31 December 2025, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

(B) Sterling Financial Holdings Company Plc with a free float percentage of 24.55% as at 31 December 2024, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

CORPORATE GOVERNANCE REPORT

The Company complies with the relevant provisions of the Nigerian Code of Corporate Governance, the Nigerian Securities & Exchange Commission (SEC) Corporate Governance Guidelines and the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Financial Holding Companies in Nigeria.

Board of Directors

The Board of Directors (the "Board") is made up of the Non-Executive Chairman, Non-Executive Directors and Executive Directors who oversee the corporate governance of the Company.

Attendance at Board meetings for the year ended 31 December 2025 are as follows:

Director		Attendance	No. of Meetings
1 Mr. Yemi Adeola	Chairman	4	4
2 Mr. Adeshola Adekoya	Non- Executive Director	4	4
3 Ms. Eniye Ambakederemo	Independent Director	4	4
4 Ms. Aisha Bashir	Independent Director	4	4
5 Mr. Abubakar Suleiman	Non-Executive Director	4	4
6 Mr. Ashutosh Kumar	Non-Executive Director	4	4
7 Mr. Yemi Odubiyi	Group Managing Director	4	4
8 Mr. Olayinka Oni	Executive Director	4	4

Board Committees

The Board carries out its oversight functions through its various committees each of which has a clearly defined terms of reference and a charter which has been approved by the Central Bank of Nigeria. The Board has four (4) standing committees, namely: Board Audit Committee, Board Risk Management Committee, Board Finance & Investment Committee, and Board Governance, Nomination & Remuneration Committee. In line with best practice, the Chairman of the Board is not a member of any of the Committees. The composition and responsibilities of the committees are set out below:

Board Finance and Investment Committee

The Committee advises the Board on its oversight responsibilities in relation to strategic planning, financial planning, investment planning, execution and monitoring of finance and investment decisions.

Terms of reference

- Determine the policies and strategies relating to capital management of the Company, and oversee and monitor the implementation of these policies, strategies and financial objectives with a view to maximizing overall shareholder value.
- Ensure finance and investments decisions are in alignment with corporate objectives and strategy.
- Ensure adequate budget and planning processes exist, and performance is measured against annual budget.
- Recommend dividend and tax policies to the Board for approval.
- Conduct quarterly business reviews with management to assess financial and investment performance.
- Review the adequacy of financial systems, operations and internal controls.
- Approve capital and major operating expenditure and investment limits recommended by management.
- Ensure that reporting on issues related to investment and finance are comprehensive for proper deliberation and decision making.
- Ensure investment strategies, policies and guidelines are in compliance with applicable regulations.
- Consider and approve proposals for significant acquisitions, mergers, takeovers, divestments of operating companies, equity investment and new strategic alliances by the Company or its subsidiaries, subject to the final approval of the Board.
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency, and make appropriate recommendations to the Board.
- Review and report to the Board on the Company's financial projections, capital and operating budgets, and actual financial results against targets and projections.

CORPORATE GOVERNANCE REPORT - Continued

Board Finance and Investment Committee - Continued

- Review and recommend to the Board all new business initiatives, especially those requiring a significant capital outlay above management limit.
- Determine an optimal investment mix consistent with risk profile agreed by the Board; and
- Carry out such other functions relating to finance and investment strategy as the Board may from time to time

The members and respective attendance in Committee meetings are as follows:

			Attendance	No. of Meetings
1	Mr. Shola Adekoya	Chairman	4	4
2	Mr. Abubakar Suleiman	Member	4	4
3	Ms. Aisha Bashir	Member	4	4
4	Mr. Yemi Odubiyi	Member	4	4
5	Mr. Yinka Oni	Member	4	4

Board Audit Committee*

The Committee is responsible for evaluating and handling issues relating to Internal and External Audit in the Company.

Terms of reference

- Oversee the assessment of the qualification, Independence and performance of the Internal Audit Function.
- Review significant findings and recommendations by Internal Audit and Management responses thereof;
- Review implementation of Internal Audit recommendations by Management;
- Ensure that the operations of the Internal Audit function is in compliance with acceptable International Standards for the Professional Practice of Internal Auditing;
- Ensure Management develops a comprehensive internal control framework and oversees its effectiveness;
- Ensure that adequate whistle-blowing procedures are in place;
- Review the proposed audit plan(s) and review the results of internal audits completed since the previous Committee meeting as well as the focus of upcoming internal audit projects;
- Review the results of the annual audit report and discuss the annual financial statements with external auditors and Management;
- Review the auditors’ management control letter presented by the external auditors and ensure adequacy of Management’s response;
- Review with the Chief Financial Officer annually the significant financial reporting issues and practices of the Company, and ensure that appropriate accounting principles are applied including financial controls relating to the “closing of the books” process;
- Meet separately, and at least quarterly, with the Chief Financial Officer, the Chief Internal Auditor and relevant Senior Management staff to discuss the adequacy and effectiveness of accounting and financial controls of the Company;
- Ensure that the tenure of an appointed External Auditor shall be for maximum period of ten (10) years as mandated by the CBN and SEC code of corporate governance;
- Maintain a mechanism for receiving complaints regarding the Company’s accounting and operating procedures.
- Review legal and regulatory matters, contingent liabilities or other sensitive information that may have a material effect on the Group’s financial statements, systems of internal control or regulatory compliance; and
- Provide to the Board such assurances as it may reasonably require regarding compliance by the Company.

CORPORATE GOVERNANCE REPORT - Continued

Board Audit Committee - Continued

The members and respective attendance in Committee meetings are as follows:

			Attendance	No. of Meetings
1	Ms. Eniye Ambakederemo	Chairperson	2	2
2	Mr. Shola Adekoya	Member	2	2
3	Mr. Ashutosh Kumar	Member	2	2

*The Board approved the separation of the Board Audit and Risk Management Committee (BARMC) and the constitution of the Board Audit Committee and Board Risk Management Committee, at its meeting of 28th May 2025.

Board Risk Management Committee*

The Committee is responsible for evaluating and handling issues relating to Risk Management in the Company.

Terms of reference

- Ensure that there are standards, policies and processes in place to identify and measure all material risks and respond appropriately;
- Re-evaluate all risk management policies on a periodic basis to accommodate major changes in internal or external factors; and ensure that changes are in the line with the Company's risk profile and appetite;
- Review executive management reports, detailing the adequacy and overall effectiveness of the Company's risk and capital Management documents-including policies, procedures and processes for the identification, measurement, monitoring and control of risk management;
- Ensure that Management implements specific limits or tolerance levels that are aligned with overall risk appetite levels as set by the Board;
- Ensure there are effective controls in place to minimize operational risks and optimize value;
- review the adequacy and effectiveness of compliance programmes;
- Ensure that the Company's risk management policies and practices are disclosed in the annual report.
- Make recommendations to the Board concerning the levels of risk capacity and tolerance, and ensure that they are managed within these parameters;
- Provide to the Board such assurances as it may reasonably require regarding compliance by the Company.
- Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses; and
- Review the compliance processes in place and ensure that any changes to legal and regulatory requirements are identified and reflected in the Company's processes.

The members and respective attendance in Committee meetings are as follows:

			Attendance	No. of Meetings
1	Ms. Aisha Bashir	Chairperson	2	2
2	Mr. Abubakar Suleiman	Member	2	2
3	Mr. Shola Adekoya	Member	2	2
4	Mr. Yemi Odubiyi	Member	2	2

* The Board approved the separation of the Board Audit and Risk Management Committee (BARMC) and the constitution of the Board Audit Committee and Board Risk Management Committee, at its meeting of 28th May 2025.

Board Governance Nomination & Remuneration Committee

The Committee acts on behalf of the Board of Directors on all matters relating to Corporate Governance, remuneration and the appointment and re-election of Directors.

Terms of reference

- Review the size and composition of the Board taking into consideration the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgment and diversity required to discharge the Board's duties;
- Make recommendations on the experience and training required for Board Committee membership, operating structure, and other operational matters;
- Establish the criteria and execute the process, upon Board approval, for appointing and re-appointing new and existing Directors respectively, and the removal of non-performing Directors;
- Ensure that every member of the Board receives a formal letter of appointment, setting out their roles, responsibilities, time commitments for Board and Board Committees' meetings;
- Develop and maintain an appropriate corporate governance framework for the Company, and make recommendation to the Board on transparent and sound corporate governance principles;
- Ensure the Board carries out annual performance review of itself and that of its Committees in accordance with applicable laws, regulations, policies and codes. The result of the exercise shall be reviewed by this Committee who shall also ensure the recommendations following the evaluation report are implemented;
- Ensure that there is a proper induction programme and ongoing learning for the Board and Board committee members;
- Provide adequate oversight in reviewing and updating the Board learning programmes to ensure continuous improvement of the Board members' performance;
- Ensure that a proper succession policy and plan exists for Board members and members of its subsidiaries;
- Develop, review and recommend the remuneration policy to the Board for approval;
- Review and recommend to the full Board, compensation for the Chief Executive officer and senior management staff. The committee shall ensure its recommendations are in accordance with the Company's remuneration policy, the provisions of the CBN and SEC Codes of corporate governance and all applicable laws;
- Ensure that salary scales are set within the general Company's business policy;
- Make recommendations to the Board, reinforcing sound corporate governance principles, on the incentive structure of the Company including executive compensation and bonuses;
- Provide input to the annual report of the Company on Directors' compensation, aligning with the provisions of the CBN and SEC Codes;
- Perform other duties related to the Company's compensation structure in accordance with applicable laws, rules, policies and regulation.

CORPORATE GOVERNANCE REPORT - Continued**Board Governance Nomination & Remuneration Committee - Continued**

The members and respective attendance in Committee meetings are as follows:

			Attendance	No. of Meetings
1	Ms. Eniye Ambakederemo	Chairperson	4	4
2	Mr. Abubakar Suleiman	Member	4	4
3	Ms. Aisha Bashir	Member	4	4

Statutory Audit Committee

The Committee is established in line with Section 404(2) of the Companies and Allied Matters Act, 2020. The Committee's membership consists of three (3) representatives of the shareholders elected at the Annual General Meeting (AGM) and two (2) Non-Executive Directors. The Committee meets every quarter, but could also meet at any other time, as the need arise.

All members of the Committee are financially literate.

The membership of the Committee is as follows:

Shareholders' Representative

- 1 Alhaji Mustapha Jinadu, F.CIoD
- 2 Mr. Idongesit Udoh
- 3 Ms. Christie Vincent

Non-Executive Directors

- 1 Mr. Adeshola Adekoya
- 2 Ms. Eniye Ambakederemo

Terms of reference

- To make recommendations to the Board to be put to the Shareholders for approval at the AGM regarding the appointment, removal and remuneration of the external auditors of the Company;
- To authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee;
- To review and approve the annual audit plan and ensure that it is consistent with the scope of audit engagement, having regard to the seniority, expertise and experience of the audit team;
- To review representation letter(s) requested by the external auditors before they are signed by Management;
- To review the Management Letter and Management's Response to the auditor's findings and recommendations;
- To assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor, and performance of the Company's internal audit function as well as that of external auditors;
- To establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the Company;
- To ensure the development of a comprehensive internal control framework for the Company, obtain assurance and report annually in the financial report, on the operating effectiveness of the Company's internal control framework;

CORPORATE GOVERNANCE REPORT - Continued**Statutory Audit Committee - continued**

- To review such other matters in connection with overseeing the financial reporting process and the maintenance of internal controls as the Committee shall deem appropriate;
- To oversee management’s process for the identification of significant fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Company;
- Discuss the annual audited financial statements and half yearly unaudited financial statements with Management and external auditors;
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with Management, internal auditors and external auditors;
- To review and ensure that adequate whistle-blowing procedures are in place;
- To review, with the external auditors, any audit scope limitations or problems encountered and management’s responses
- To review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;
- To consider any related party transactions that may arise within the Company;
- Invoke its authority to investigate any matter within its terms of reference for which purpose the Company must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary;
- Prepare the Committee’s report for inclusion in the Company’s Annual Report; and
- Report to the Board regularly at such times as the Committee shall determine necessary.

The members and respective attendance in Committee meetings are as follows:

		Attendance	No. of Meetings
1	Alhaji Mustapha Jinadu, F.CIoD	5	5
2	Mr. Adeshola Adekoya	5	5
3	Mr. Idongesit Udoh	5	5
4	Ms. Christie Vincent	5	5
5	Ms. Eniye Ambakederemo	5	5

CORPORATE GOVERNANCE REPORT - Continued

Dates for Board and Board Committee meetings held in 2025 financial year:

Meetings	Dates					
	26-Feb-25	28-May-25	14-Aug-25	26-Nov-25		
Board	26-Feb-25	28-May-25	14-Aug-25	26-Nov-25		
Board Finance & Investment Committee	12-Feb-25	28-Apr-25	23-Jul-25	23-Oct-25		
Board Risk Management Committee*			30-Jul-25	30-Oct-25		
Board Audit Committee**			25-Jul-25	28-Oct-25		
Board Audit & Risk Management Committee***	17-Feb-25	30-Apr-25				
Board Governance, Nomination & Remuneration Committee	11-Feb-25	29-Apr-25	17-Jul-25	20-Oct-25		
Statutory Audit Committee	20-Feb-25	25-Mar-25	25-Apr-25	24-Jul-25	27-Oct-25	

*The Committee was constituted on 28th May 2025

** The Committee was constituted on 28th May 2025

*** The Board approved the separation of the Board Audit and Risk Management Committee (BARMC) and the constitution of the Board Audit Committee and Board Risk Management Committee, at its meeting of 28th May 2025.

The Company Secretary

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

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

The Company Secretary is responsible for designing and implementing a framework for the Company's compliance with the listing rules of the Nigeria Exchange Group, including advising Management on prompt disclosure of material information.

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

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

Management Committees**Executive Committee (EXCO)**

The Committee provides leadership to the Company and ensures the implementation of strategies and long-term goals approved by the Board.

Succession Planning

The Group has a Succession Planning Policy which is aligned to the Group's overall organisational development strategy. In line with the policy, Group Human Capital, Infrastructure and Corporate Services Division (GHCICS Division) is saddled with the responsibility to coordinate the implementation of the Group's Succession Policy.

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

Code of Ethics

Sterling Financial Holdings Company Plc has a Code of Ethics that specifies acceptable behaviour of its staff, in the staff handbook. It is a requirement that all staff should sign a confirmation that they have read and understood the document upon employment.

The Group also has a Sanctions Manual which provides sample offences/violation and prescribes measures to be adopted in various cases. The Group Chief Human Resource Officer (GCHRO) is responsible for the implementation and compliance to the "Code of Ethics".

CORPORATE GOVERNANCE REPORT - Continued**Whistle Blowing Process**

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

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

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

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

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

The Group has dedicated whistle-blowing channels which are accessible via the website, dedicated telephone hotlines and e-mail addresses in compliance with the guidelines for whistle-blowing for Banks and Other Financial Institutions issued by the Central Bank of Nigeria (CBN) .

The Group's Chief Compliance Officer is responsible for monitoring and reporting on whistle blowing.

Further disclosures are stated in Note 45 to the consolidated and separate financial statements.

Securities Trading Policy

The Company has put in place a Policy on Trading on the Company's Securities by Directors and other key personnel of the Company. During the period under review, the Directors and other key personnel of the Company complied with the terms of the Policy and the provisions of Section 14 of the Amendment to the Listing Rules of the Nigeria Exchange.

Complaint Management Policy

The Group has put in place a Complaint Management Policy guiding the resolution of disputes with stakeholders on issues relating to the Investment and Securities Act.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO
THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The Directors of Sterling Financial Holdings Company Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Company as at 31 December 2025, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. In preparing the financial statements, the Directors are responsible for:


- (a) properly selecting and applying accounting policies;
- (b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

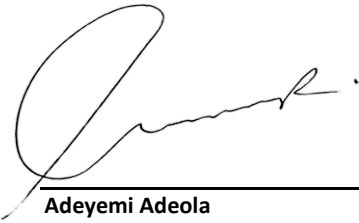
The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The financial statements of the Group for the year ended 31 December 2025 were approved by the directors on 12 March, 2026.

Signed on behalf of the Directors by:



Yemi Oadibi
Group Managing Director
FRC/2013/PRO/DIR/003/00000001279



Adeyemi Adeola
Chairman
FRC/2014/PRO/DIR/003/00000001257

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

- (a) In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the
- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
 - (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;
- (b) We state that management and directors:
- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Group is made known to the officer by other officers of the group and company, particularly during the period in which the audited financial statement report is being prepared.
 - (ii) has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and
 - (iii) certifies that the group's internal controls are effective as of that date;
- (c) We have disclosed:
- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the group and company's ability to record, process, summarize and report financial data, and has identified for the group and company's auditors any material weaknesses in internal controls, and
 - (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group and company's internal control; and
 - (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors 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.

The financial statements of the Group and the Company for the year ended 31 December 2025 were approved by the directors on 12 March, 2026.

Signed by:



Adebimpe Olambiwonnu, FCA
Chief Finance Officer
FRC/2013/PRO/ICAN/001/00000001253



Yemi Odubiyi
Group Managing Director
FRC/2013/PRO/DIR/003/00000001279

**REPORT OF THE STATUTORY AUDIT COMMITTEE
TO THE MEMBERS OF STERLING FINANCIAL HOLDINGS COMPANY PLC**

In accordance with the provision of Section 404 (7) of the Companies and Allied Matters Act 2020, the members of the Statutory Audit Committee of Sterling Financial Holdings Company Plc and its subsidiary hereby report as follows:

- We are of the opinion that the accounting and reporting policies of the Group are in accordance with International Financial Reporting Standards and legal requirements and agreed ethical practices.
- We believe that the scope and planning of both the external and internal audits for the year ended 31 December 2025 were satisfactory and reinforce the Group's internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters.
- The Internal Control and Internal Audit functions were operating effectively.
- We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act, 2020 and acknowledge the co-operation of Management and staff in the conduct of these responsibilities.

We are satisfied that the Company has complied with the provision of the Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Directors' related credits in the consolidated and separate financial statements of banks". We have reviewed insider-related credits of the Group and found them to be as analysed in the consolidated and separate financial statements. The status of performance of these facilities is disclosed in Note 36(b) to the consolidated and separate financial statements.



Alhaji Mustapha Jinadu, F.CIoD

Chairman, Statutory Audit Committee

12 March, 2026

FRC/2013/PRO/IODN/002/00000001516

Members of the Statutory Audit Committee are:

- | | | |
|---|--------------------------------|----------|
| 1 | Alhaji Mustapha Jinadu, F.CIoD | Chairman |
| 2 | Mr. Adeshola Adekoya | Member |
| 3 | Mr. Idongesit Udoh | Member |
| 4 | Ms. Christie Vincent | Member |
| 5 | Ms. Enyie Ambakederemo | Member |

In attendance:

Sunny Kanabe

Company Secretary

Report of External Consultants on the Board Performance Evaluation of Sterling Financial Holdings Company Plc.

We have performed the evaluation of the Board of Sterling Financial Holdings Company Plc (“Sterling Financial Holdings”) for the year ended 2025 in accordance with the CBN Corporate Governance Guidelines 2023 (CBN CGG 2023), Securities and Exchange Commission (SEC) Corporate Governance Guidelines, and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).


The FRC NCCG 2018 states that Annual Board Evaluation assesses how each Director, the Committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Company’s objectives. Subsection 15.2 of the FRC NCCG states that the summary of the report of this evaluation should be included in the Company’s annual report and on the investors’ portal. Our approach included the review of Sterling Financial Holdings Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the Directors of the Company.

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

Based on our work, the Board of Sterling Financial Holdings has complied with the CBN Corporate Governance Guidelines 2023, the SEC Corporate Governance Guidelines and the FRC Nigerian Code of Corporate Governance 2018 during the year ended 31st December 2025.

Specific recommendations for the further improvement of Sterling Financial Holdings Corporate Governance practices have been articulated and included in our detailed report to the Board.

For: Ernst & Young



Abiodun Ogunoiki
Partner and Head, Financial Services Risk Management, West Africa
FRC/2013/PRO/DIR/003/0000000794



**MANAGEMENT'S ASSESSMENT OF, AND REPORT ON, STERLING FINANCIAL HOLDINGS
COMPANY PLC'S INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR
ENDED 31 DECEMBER 2025**

In line with the provisions of Section 1.3 of Securities and Exchange Commission's Guidance on Implementation of Sections 60 - 63 of Investments and Securities Act (ISA) 2007, and Financial Reporting Council's (FRC) guideline in fulfillment of the FRC (Amendment) Act, 2023, we hereby make the following statements regarding the internal controls of Sterling Financial Holdings Company Plc for the year ended 31 December 2025:

- i. Sterling Financial Holdings Company Plc's management is responsible for establishing and maintaining a system of Internal Control over Financial Reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- ii. Sterling Financial Holdings Company Plc's management used the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR.
- iii. Sterling Financial Holdings Company Plc's management has assessed that the entity's ICFR as of the end of 31 December 2025 is effective.
- iv. Sterling Financial Holdings Company Plc's external auditor, Messrs. Deloitte & Touche, that audited the financial statements, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of Messrs. Deloitte & Touche that audited the financial statements is included as part of Sterling Financial Holdings Company Plc's annual report.

March 27, 2026

Adebimpe Olambiwonnu
Chief Financial Officer
FRC/2013/PRO/ICAN/001/00000001253

Yemi Odubiyi
Group Managing Director
FRC/2013/PRO/DIR/003/00000001279

Board of Directors

Chairman
Yemi Adeola

Executive Directors
Olayinka Oni

Non-Executive Directors
Abubakar Suleiman
Adeshola Adekoya
Ashutosh Kumar

Independent Directors
Aisha Bashir
Eniye Ambakederemo

MD/CEO
Yemi Odubiyi

Sterling Financial Holdings Company Plc.
(RC. No. 1851010)

Head Office: 20 Marina, Lagos
Tel: 01-7003270
sterling.ng



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

In line with the provisions of Section 1.1 of Securities and Exchange Commission's Guidance on Implementation of Sections 60 - 63 of Investments and Securities Act (ISA) 2007, I hereby make the following statements regarding the internal controls of Sterling Financial Holdings Company Plc for the year ended 31 December 2025:

I, **Adebimpe Olambiwonnu**, certify that:

- a) I have reviewed this Management Assessment on Internal Control over Financial Reporting of Sterling Financial Holdings Company Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, faithfully present, in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- d) The Company's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAPs);
 - 4) have evaluated the effectiveness of the Company'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.

Board of Directors

Chairman
Yemi Adeola

Executive Directors
Olayinka Oni

Non-Executive Directors
Abubakar Suleiman
Adeshola Adekoya
Ashutosh Kumar

Independent Directors
Aisha Bashir
Eniye Ambakederemo

MD/CEO
Yemi Odubiyi

Sterling Financial Holdings Company Plc.
(RC. No. 1851010)

Head Office: 20 Marina, Lagos
Tel: 01-7003270
sterling.ng



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

A handwritten signature in black ink, appearing to read "Adebimpe Olambiwonnu", written over a horizontal line.

Adebimpe Olambiwonnu

Chief Financial Officer

FRC/2013/PRO/ICAN/001/00000001253

27 March, 2026



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

In line with the provisions of Section 1.1 of Securities and Exchange Commission's Guidance on Implementation of Sections 60 - 63 of Investments and Securities Act (ISA) 2007, I hereby make the following statements regarding the internal controls of Sterling Financial Holdings Company Plc for the year ended 31 December 2025:

I, **Yemi Odubiyi**, certify that:

- a) I have reviewed this Management Assessment on Internal Control over Financial Reporting of Sterling Financial Holdings Company Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, faithfully present, in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- d) The Company's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAPs);
 - 4) have evaluated the effectiveness of the Company'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.

Board of Directors

Chairman
Yemi Adeola

Executive Directors
Olayinka Oni

Non-Executive Directors
Abubakar Suleiman
Adeshola Adekoya
Ashutosh Kumar

Independent Directors
Aisha Bashir
Eniye Ambakederemo

MD/CEO
Yemi Odubiyi

Sterling Financial Holdings Company Plc.
(RC. No. 1851010)

Head Office: 20 Marina, Lagos
Tel: 01-7003270
sterling.ng



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

A handwritten signature in black ink, appearing to read "Yemi Odubiyi", written over a horizontal line.

Yemi Odubiyi

Group Managing Director

FRC/2013/PRO/DIR/003/00000001279

27 March, 2026



Deloitte & Touché
Civic Towers, Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Nigeria.
Tel: +234 1 2717800
Fax: +234 1 2717801
www.deloitte.com/ng

February 2026

Dear Sir,

The Chairman

Sterling Financial Holdings Company
PLC
Sterling Towers,
20 Marina,
Lagos Island.

Report of External Auditors Review on the Extent of Compliance with Corporate Governance Requirements for Sterling Financial Holdings Company PLC

Deloitte & Touche has performed an independent review to determine the extent of Sterling Financial Holdings Company PLC (“Sterling Holdco”) compliance with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG 2018) and CBN Corporate Governance Guidelines for Financial Holding Companies (CBN CG Guidelines for FHCs) for the year ended 31 December 2025.

The review was performed in compliance with Section 18.2 of the CBN CG Guidelines for FHCs. Our review was premised on desk review of relevant governance documents, policies, and procedures. The review was performed leveraging relevant governance guidelines by the Nigerian Code of Corporate Governance (NCCG), CBN Corporate Governance Guidelines for Financial Holding Companies (CBN CG Guidelines for FHCs), and other relevant codes of corporate governance.

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

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

Yours faithfully,

For: Deloitte and Touché

Ibukun Beecroft

Partner

FRC/2020/PRO/00000020765

Assurance Report of Independent Auditor To the Shareholders of Sterling Financial Holdings Company Plc

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

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Sterling Financial Holdings Company Plc** as of 31 December 2025, in accordance with the SEC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the SEC Guidance on Management report on Internal Control over Financial Reporting. **Sterling Financial Holdings Company Plc**'s management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

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

Limited Assurance Conclusion

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

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An entity'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 entity.
- 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 entity; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Inherent limitations

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

Directors' and Management's Responsibilities

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

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



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

Our Independence and Quality Control

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

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

Auditor's Responsibility and Approach

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

We performed our work in accordance with the SEC Guidance on Implementation of Sections 88 of Investments and Securities Act 2025 for all listed companies and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that cause us to believe that the Group did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

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

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

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

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

Deloitte & Touché
Joshua Ojo, FCA
FRC/2013/PRO/ICAN/001/00000000849

Lagos, Nigeria
12 May 2026



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **STERLING FINANCIAL HOLDINGS COMPANY PLC**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **STERLING FINANCIAL HOLDINGS COMPANY PLC** and its subsidiary (the Group and Company) set out on pages 35 to 197, which comprise the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **STERLING FINANCIAL HOLDINGS COMPANY PLC** as at 31 December 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act, 2020, relevant Central Bank of Nigeria guidelines and circulars, Investments and Securities Act, 2025 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, Shariah Governance requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert, and other relevant standard issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and relevant Central Bank of Nigeria guidelines and circulars.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. 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	
Identification and measurement of impairment of financial assets	How the matter was addressed in the audit
<p>As disclosed in note 2.2.2 (vii) to the financial statements, in line with the provisions of IFRS 9, The Group identifies and measures loss allowances based on Expected Credit Loss (ECL) model on the following financial instruments.</p> <ul style="list-style-type: none"> • Financial guarantee contracts issued; and • Loan commitment issued; • Financial assets that are debt instruments. • Finance facilities: • Sukuk instruments <p>The Group applies a three-stage approach to measuring ECL on financial assets issued which migrate through three stages based on changes in credit quality since initial recognition.</p> <p>At each reporting date, the Directors assess whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset at initial recognition and risk of default at the reporting date. And in determining whether credit risk has increased significantly since initial recognition, the Directors uses internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices.</p>	<p>We evaluated the appropriateness of the Directors' assessment of whether credit risk has increased significantly since initial recognition of financial assets and adequacy of the related disclosures made.</p> <p>We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss.</p> <p>Our audit procedures also included challenging the Directors on the reasonableness of the financial assets staging categorization based on changes in credit quality and risk of default. We involved our Credit Specialist on the engagement to review and challenge the reasonableness of ECL model logic as well as inputs and assumptions (internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices) used by comparing these with industry trends and Group's historical performance.</p>
<p>Identification and measurement of impairment of financial instruments is of significance to the audit of the financial statements due to the amount of judgement required by the Directors in determining whether the credit risk has increased significantly since initial recognition of financial assets that includes the consideration of current and future macroeconomics information.</p> <p>Accordingly, for the purposes of our audit, we have identified identification and measurement of impairment of financial assets as a key audit matter.</p>	<p>We assessed the adequacy of the disclosures in the financial statements relating to financial assets.</p> <p>Based on the work performed, we found the Directors key judgements and assumptions to be reasonable. We are satisfied that the related disclosures in the financial statements are appropriate.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “**STERLING FINANCIAL HOLDINGS COMPANY PLC** Consolidated and Separate Financial Statements for the year ended 31 December 2025”, which includes the Directors’ Report, Corporate Governance Report, Statement of Directors’ Responsibilities, the Board Audit and Risk Management Committee’s Report, the Report of the External Consultants on the performance of the Board of Directors, the Statement of Corporate Responsibility for Consolidated and Separate Financial Statements, and Other National Disclosures as required by the Companies and Allied Matters Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023 which we obtained prior to the date of this report. The other information does not include the 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 and will 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 obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act, 2020, relevant Central Bank of Nigeria guidelines and circulars, the Financial Reporting Council of Nigeria (Amendment) Act 2023, Shariah Governance Requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert and other relevant standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 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 and the Company’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 and the Company or to cease operations, or have no realistic alternative but to do so.

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, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company'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 and the Company 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.
- Plan and perform the group audit to 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Details of the related party transactions and balances as defined in Central Bank of Nigeria circular BSD/1/2004 are as reported in the related note to the financial statements,

No contravention of the Group and Other Financial Institutions Act 2020 and relevant circulars issued by Central Bank of Nigeria came to our knowledge during the audit.

Unmodified

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of December 31, 2025. The work performed was done in accordance with SEC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on the procedures we have performed and the evidence obtained; we have issued an Unmodified conclusion in our report dated same date as audit report. That report is included on page 28 to 30 the financial statements

Joshua Ojo

FRC/2013/PRO/ICAN/001/00000000849

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

12 May 2026



CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In millions of Naira</i>	Note(s)	Group 2025	Group 2024	Company 2025	Company 2024
Interest and similar income using effective interest/return rate	6	367,073	258,818	1,858	1,120
Interest and similar expense using effective interest/return rate	7	(158,417)	(124,012)	(257)	-
Net interest income		208,656	134,806	1,601	1,120
Fees and commission income	8	60,290	44,300	-	-
Fees and commission expense	8	(16,582)	(10,372)	-	-
Net fees and commission income		43,708	33,928	-	-
Net trading income	9	22,182	15,653	-	-
Other operating income/revenue	10	37,254	18,421	13,148	12,924
Credit loss expense	11	(32,922)	(10,784)	-	-
Personnel expenses	12	(53,748)	(31,327)	(1,739)	(687)
Operating expenses	13.1	(115,780)	(87,436)	(1,852)	(1,693)
Depreciation and amortisation	13.2	(8,217)	(5,625)	(188)	(80)
Other property, plant and equipment costs	13.3	(14,357)	(21,774)	(241)	(110)
Profit before windfall and income taxes		86,776	45,862	10,729	11,474
Income tax expense	14a(i)	(9,471)	1,496	(1,734)	(1,075)
Windfall tax	14a (ii)	(971)	(3,683)	-	-
Profit for the year		76,334	43,675	8,995	10,399
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent period:					
Revaluation gains on equity instruments at fair value through other comprehensive income		559	6,890	-	-
Total items that will not be reclassified to profit or loss in subsequent period		559	6,890	-	-
Items that will be reclassified to profit or loss in subsequent period:					
Receivables and instruments at fair value through other comprehensive income**:					
- Net change in fair value during the year		19,966	(2,877)	-	-
Net gains on debt instruments at fair value through other comprehensive income		19,966	(2,877)	-	-
Total items that will be reclassified to profit or loss in subsequent period		19,966	(2,877)	-	-
Other comprehensive income for the year, net of tax		20,525	4,013	-	-
Total comprehensive income for the year, net of tax		96,859	47,688	8,995	10,399
Profit attributable to:					
Equity holders of the Company		76,334	43,675	8,995	10,399
Total comprehensive income attributable to:					
Equity holders of the Company		96,859	47,688	8,995	10,399
Earnings per share - basic (in kobo)	15	152k	151k	18k	36k
Earnings per share - diluted (in kobo)	15	152k	151k	18k	36k

**Income from these instruments is exempted from tax.

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

<i>In millions of Naira</i>	Note(s)	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
ASSETS					
Cash and balances with Central Bank of Nigeria	16	761,639	867,125	-	-
Due from banks	17	472,269	569,455	8,471	14,735
Pledged assets	18	16,085	28,675	-	-
Loans and advances to customers	20	1,413,260	1,103,970	-	-
<i>Investments in securities:</i>					
- Financial assets at fair value through profit or loss	21(a)	74,131	27,491	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	646,472	485,529	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	52,692	48,635	-	-
- Debt instruments at amortised cost	21(d)	98,443	81,369	-	-
Investment in subsidiary	22	-	-	261,886	225,819
Other assets	23	259,934	219,964	11,864	5,632
Property, plant and equipment	24.1	69,359	56,974	7,559	236
Right-of-use asset	24.2	10,530	12,106	-	-
Investment property	25	11,658	4,036	-	-
Intangible assets	26	3,205	3,263	-	-
Deferred tax assets	14(i)	21,965	33,348	-	-
TOTAL ASSETS		3,911,642	3,541,940	289,780	246,422
LIABILITIES					
Deposits from Banks	27	-	49,364	-	-
Deposits from customers	28	2,984,814	2,518,512	-	-
Derivative financial liabilities	19	1,433	-	-	-
Current income tax payable	14(b)	7,896	3,382	681	953
Other borrowed funds	29	231,439	213,834	-	-
Debt securities issued	30	-	34,056	-	-
Other liabilities	31.1	245,199	396,727	7,680	717
Provisions	31.2	2,336	576	-	-
Deferred tax liabilities	14(i)	9,822	20,330	1,031	44
TOTAL LIABILITIES		3,482,939	3,236,781	9,392	1,714
EQUITY					
Share capital	32.1(b)	27,345	22,729	27,345	22,729
Share premium		139,742	108,292	139,742	108,292
Retained earnings		65,887	63,073	18,801	19,187
Other components of equity	34	195,729	111,065	94,500	94,500
Total equity		428,703	305,159	280,388	244,708
TOTAL LIABILITIES AND EQUITY		3,911,642	3,541,940	289,780	246,422

The consolidated and separate financial statements were approved by the Board of Directors on 12 March, 2026 and signed on its behalf by:



Yemi Odubiyi

Group Managing Director

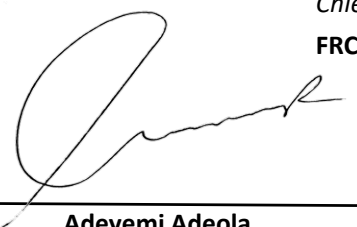
FRC/2013/PRO/DIR/003/00000001279



Adebimpe Olambiwonnu, FCA

Chief Finance Officer

FRC/2013/PRO/ICAN/001/00000001253



Adeyemi Adeola

Chairman

FRC/2014/PRO/DIR/003/00000001257

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

In millions of Naira	Share capital	Share premium	EQUITY RESERVES								Retained earnings	Total
			Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	PPPRA reserve	Total other components of equity		
GROUP												
At 1 January 2025	22,729	108,292	23,049	5,276	36,386	235	6,523	39,596	-	111,065	63,073	305,159
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	76,334	76,334
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	19,966	-	-	-	-	-	-	19,966	-	19,966
Transfer of cumulative fair value gains/losses on disposal of equity instruments	-	-	(98)	-	-	-	-	-	-	(98)	98	-
Net change in fair value of equity instruments at FVOCI	-	-	559	-	-	-	-	-	-	559	-	559
Total comprehensive income	-	-	20,427	-	-	-	-	-	-	20,427	76,432	96,859
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(9,381)	(9,381)
Proceed from ordinary share issued	4,616	31,450	-	-	-	-	-	-	-	-	-	36,066
Transfer to regulatory risk reserve (Note 34.1d)	-	-	-	-	47,679	-	-	-	-	47,679	(47,679)	-
Transfer to statutory risk and AGSMEIS reserves (Notes 34.1a & 34.c)	-	-	-	-	-	-	3,646	12,912	-	16,558	(16,558)	-
As at 31 December 2025	27,345	139,742	43,476	5,276	84,065	235	10,169	52,508	-	195,729	65,887	428,703

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - Continued
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>In millions of Naira</i>	Share capital	Share premium	EQUITY RESERVES							Total other components of equity	Retained earnings	Total
			Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	PPPRA reserve			
GROUP												
Balance at 1 January 2024	14,395	42,759	19,036	5,276	22,926	235	4,489	31,982	-	83,944	42,506	183,604
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	43,675	43,675
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	(2,877)	-	-	-	-	-	-	(2,877)	-	(2,877)
Net change in fair value of equity instruments at FVOCI	-	-	6,890	-	-	-	-	-	-	6,890	-	6,890
Total comprehensive income	-	-	4,013	-	-	-	-	-	-	4,013	43,675	47,688
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	-	-
Proceed from ordinary share issued	8,334	65,533	-	-	-	-	-	-	-	-	-	73,867
Transfer to regulatory risk reserve (Note 34.1d)	-	-	-	-	13,460	-	-	-	-	13,460	(13,460)	-
Transfer to statutory reserve and AGSMEIS reserves (Notes 34.1a & 34.c)	-	-	-	-	-	-	2,034	7,614	-	9,648	(9,648)	-
As at 31 December 2024	22,729	108,292	23,049	5,276	36,386	235	6,523	39,596	-	111,065	63,073	305,159

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - Continued
FOR THE YEAR ENDED 31 DECEMBER 2025

<i>In millions of Naira</i>	Share capital	Share premium	EQUITY RESERVES							Retained earnings	Total	
			Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	Re-organisation Reserve			Total equity reserves
COMPANY												
Balance at 1 January 2025	22,729	108,292	-	-	-	-	-	-	94,500	94,500	19,187	244,708
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	8,995	8,995
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	8,995	8,995
Transactions with equity holders, recorded directly in equity:												
Proceed from ordinary share issued	4,616	31,450	-	-	-	-	-	-	-	-	-	36,066
Dividends to equity holders (note 33)											(9,381)	(9,381)
Balance at 31 December 2025	27,345	139,742	-	-	-	-	-	-	94,500	94,500	18,801	280,388

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - Continued
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>In millions of Naira</i>	Share capital	Share premium	EQUITY RESERVES							Retained earnings	Total	
			Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	Re-organisation Reserve			Total equity reserves
COMPANY												
Balance at 1 January 2024	14,395	42,759	-	-	-	-	-	-	94,500	94,500	8,788	160,442
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,399	10,399
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	10,399	10,399
Transactions with equity holders, recorded directly in equity:												
Proceed from ordinary share issued	8,334	65,533	-	-	-	-	-	-	-	-	-	73,867
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory risk & AGSMEIS reserve (Notes 34.1a & 34.c)	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2024	22,729	108,292	-	-	-	-	-	-	94,500	94,500	19,187	244,708

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

<i>In millions of Naira</i>	Note(s)	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Profit for the year		76,334	43,675	8,995	10,399
Adjustments for non cash items:					
Credit loss expense	11	32,922	10,784	-	-
Depreciation and amortisation	13.2	8,217	5,625	188	80
Dividend income	10	(1,103)	(676)	(5,830)	(7,567)
Loss/(gain) on disposal of property, plant and equipment	10	50	(1,272)	-	(1)
Property, plant and equipment written off		(57)	31	-	-
Gain on disposal of investment property		(532)	(7,616)	-	-
Increase/(decrease) in provision		18	11	-	-
Net interest income		(185,980)	(134,806)	257	(1,120)
Net foreign exchange loss	9	3,969	(2,135)	-	-
Income tax	14a(i)	9,606	(1,496)	1,734	1,075
Windfall tax	14a (ii)	971	3,683	-	-
		(55,585)	(84,192)	5,344	2,866
Changes in operating assets:					
Deposits with the Central Bank of Nigeria		58,260	(329,410)	-	-
Investment securities at FVTPL		(46,640)	(25,379)	-	-
Pledged assets		12,996	(17,007)	-	-
Loans and advances to customers		(387,210)	(149,439)	-	-
Derivative financial assets		-	276	-	-
Other assets		(40,771)	70,966	(6,232)	(5,221)
		(458,950)	(534,185)	(888)	(2,355)
Changes in operating liabilities:					
Deposits from banks		(49,364)	49,364	-	-
Deposits from customers		418,935	419,909	-	-
Derivative financial liabilities		1,433	-	-	-
Other liabilities		(185,197)	23,949	6,979	29
		(273,143)	(40,963)	6,091	(2,326)
Interest received		365,460	282,038	-	1,120
Interest paid on deposits from banks and customers		(59,978)	(61,888)	-	-
Income tax paid	14(b)	(2,985)	(1,284)	(1,036)	(5)
Net cash flows from operating activities		29,354	177,903	5,055	(1,211)
Investing activities					
Purchase of property, plant and equipment	24.1	(27,493)	(29,690)	(7,511)	(74)
Purchase of intangible assets	26	(893)	(3,042)	-	-
Purchase of investment property	25	(159)	(258)	-	-
Proceeds from sale of investment property		1,936	8,588	-	-
Right-of-use-asset		(1,141)	(2,591)	-	-
Proceeds from sale of property, plant and equipment		285	1,892	-	55
Purchase of debt instruments at FVOCI		(339,447)	(339,447)	-	-
Proceeds from sale/redemption of debt instruments at FVOCI		203,077	203,077	-	-
Purchase of debt instruments at amortised cost		(40,437)	(22,039)	-	-
Redemption of debt instruments at amortised cost		22,834	69,943	-	-
Purchase of equity instrument at FVOCI		(6,564)	-	-	-
Proceeds from sale of equity instrument at FVOCI		2,391	-	-	-
Investment in subsidiary		-	-	(36,066)	(74,165)
Dividends received	10	1,103	676	5,830	7,567
Net cash flows used in investing activities		(184,508)	(112,891)	(37,747)	(66,617)
Financing activities:					
Proceeds from other borrowed funds	29	119,914	25,800	-	-
Repayments of other borrowed funds	29	(63,121)	(73,317)	-	-
Repayment of debt securities issued	30	(32,899)	-	-	-
Interest paid on other borrowed funds & debt issued		(22,347)	(39,230)	(257)	-
Ordinary shares issued		36,066	73,867	36,066	73,867
Lease liability paid		(643)	(36)	-	-
Dividends paid		(9,381)	-	(9,381)	-
Net cash flows used in financing activities		27,589	(12,916)	26,428	73,867
Net increase in cash and cash equivalents		(127,565)	52,096	(6,264)	6,039
Effect of exchange rate changes on cash and cash equivalents		(16,847)	215,522	-	-
Cash and cash equivalents at 1 January		659,493	391,875	14,735	8,696
Cash and cash equivalents at 31 December	38	515,081	659,493	8,471	14,735

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

STATEMENT OF PRUDENTIAL ADJUSTMENTS

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

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

Group		As at	As at
<i>In millions of Naira</i>	Note(s)	31 Dec 2025	31 Dec 2024
<i>Transfer to Regulatory Risk Reserve</i>			
Prudential provision		151,189	85,740
Total Prudential provision		151,189	85,740
IFRS provision			
Impairment allowance on loans to corporate entities	20.1	32,495	13,748
Impairment allowance on loans to individuals	20.2	22,877	23,726
Allowances for impairment for other assets	23	8,406	9,565
Impairment allowance on debt instruments at amortised cost	21(d)	55	121
Impairment allowance on pledged assets at amortised cost	18.2	2	14
Impairment allowance on pledged assets at FVOCI	18.3.1	-	4
Impairment allowance on debt instruments at FVOCI	21(e)	953	1,600
Provisions for litigation, letters of credits and guarantees	31.2	2,336	576
		67,124	49,354
Difference in impairment provision balances		84,065	36,386
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the year		36,386	22,926
Transfer to Regulatory Risk Reserve		47,679	13,460
		84,065	36,386

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**1 Corporate information**

Sterling Financial Holdings Company Plc (“the Company”) is a company incorporated in Nigeria with registered office at 20 Marina Lagos. These separate and consolidated financial statements, for the year ended 31 December 2025, are prepared for the Company and the Group (Holding Company and its subsidiaries, separately referred to as “Group entities”) respectively.

The Group operating entities are engaged in commercial banking with emphasis on retail and consumer banking, trade services, corporate, investment, non-interest banking and asset management activities. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, money market operations, electronic and mobile banking products and other banking activities.

The consolidated and separate financial statements of Sterling Financial Holdings Company Plc and its subsidiaries for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 12 March, 2026.

2 Accounting Policies**2.1 Basis of preparation and statement of compliance**

The consolidated and separate financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS accounting standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act 2020, The Financial Reporting Council of Nigeria (Amendment) Act 2023, the Companies and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value.

(a) Functional and Presentation currency

The consolidated and separate financial statements are presented in Nigerian Naira, the Group’s functional currency and all values are rounded to the nearest million (N’million) except when otherwise indicated.

(b) Presentation of financial statements

The Group presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) for financial instruments is presented in Note 39 to the consolidated and separate financial statements.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any IFRS accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.1 Basis of preparation and statement of compliance - continued****(c) Basis of Consolidation**

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Sterling Financial Holdings Company consolidates a subsidiary when it controls the entity. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that 51% or more of voting rights results in control. However, under individual circumstances, the Company may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Company considers all relevant facts and circumstances, including:

- The purpose and design of the investee;
- The relevant activities and how decisions about those activities are made and whether the Company can direct those activities;
- Contractual arrangements such as call rights, put rights and liquidation rights;
- Whether the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. However, in the year under review, the Group did not have any investee company accounted for using equity method.

2.2 Summary of material accounting policies

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

2.2.1 Taxes

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

(i) Current tax

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

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

(ii) Deferred tax

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies - Continued**

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

2.2.1 Taxes

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

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

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

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

2.2.2 Financial instruments**(i) Recognition and initial measurement**

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

(ii) Classification of financial instruments

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

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

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

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies

2.2.2 Financial instruments - continued

(iii) Subsequent measurement

Financial assets -

(i) Debt instruments

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

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

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

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

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

The Group's financial assets at amortised cost include cash and balances with Central Bank of Nigeria, due from Companies, loans and advances to customers, and other debt instruments at amortised cost.

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

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

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

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost.

The Group's financial assets at fair value through other comprehensive income include equity instruments at FVOCI, treasury bills, promissory notes, government bonds, and corporate bonds.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.2 Financial instruments - continued****(iii) Subsequent measurement - continued**

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value as well as cash returns on debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net trading income' in the period in which it arises.

The Group's financial assets at fair value through profit or loss include treasury bills and bonds.

(ii) Equity instruments

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

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

(iv) Business model assessment

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies - continued**2.2.2 Financial instruments - continued****(iv) Business model assessment - continued****Assessment of whether contractual cash flows are solely payments of principal and interest on principal**

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

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

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to revise the interest rate at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities -

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

(i) Financial liabilities at fair value through profit or loss

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.2 Financial instruments - continued**

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

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from company's or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

(v) 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 that are debt instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

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

When reclassification occurs, the 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. Gains, losses or interest previously recognised are not restated when reclassification occurs.

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.2 Financial instruments - continued****(vi) Modifications of financial assets and financial liabilities****(i) Financial assets**

If the terms of a financial asset are modified, the 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 derecognised and a new financial asset is recognised at fair value.

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

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.

Qualitative criteria

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

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

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

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

- Change in interest rate arising from a change in MPR which is a benchmark rate that drives borrowing rates in Nigeria

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.2 Financial instruments - continued**

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

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

(ii) Financial liabilities

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

(vii) Impairment of financial assets

See also Note 39 on Credit risk disclosure

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.2 Financial instruments - continued**

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

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

1. Measurement of Expected Credit loss (ECL)

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

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

The group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

2. 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 on the financial asset have occurred.

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

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

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 not reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days overdue are considered impaired except for specialised loans in which the Group has rebutted the 90 days past due presumptions. The specialised loans include:

1. Project financing: >180 days past due backstop
2. Object financing (producing real estate and commercial real estate financing): > 180 days past due backstop;
3. Commodity finance:> 180 days past due backstop
4. Income producing real estate: >180 days past due backstop

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.2 Financial instruments - continued****(vii) Impairment of financial assets- continued**

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

3. 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 within other liabilities;
- 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 as a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the "fair value reserve".

4. Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realisation of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement at the board level, as defined by the Group. Credit write-off approval is documented in writing and properly initialed by the Credit collection and recoveries.

A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.2 Financial instruments - continued****(viii) Embedded derivatives**

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is assessed for classification under IFRS 9. The embedded derivative in such host contracts that are financial assets are not separated for accounting purposes.

The Group did not have any embedded derivative in the 2025 financial year (2024: nil)

(ix) Offsetting financial instruments -

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

(x) Derivative financial instruments:

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

(xi) De-recognition of financial instruments -

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the 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.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(xii) Financial guarantees and loan commitments

The date that the entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements. Financial guarantee contracts issued by the Group entity are initially measured at their fair values and, if not designated as at

FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the group's revenue recognition policies.

The Group also recognises loss allowance for its loan commitments (See Note 35(b)). The expected loss allowance for the Loan commitment is calculated as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

The Group has issued no loan commitment that is measured at FVTPL.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**(xiii) Inventories**

Inventories include assets of finished goods held by the Group for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value and include other costs incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

2.2.3 Revenue recognition**Interest income and expense**

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

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

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

a. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b. Calculation of interest income and expenses

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.3 Revenue recognition- continued****c. Presentation**

Interest income and expense presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in Net trading income on financial instruments classified as held for trading.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in Net trading income on financial instruments.

d. Non-interest income and non -interest expense**Sharia compliant income**

Included in interest income and expense are sharia compliant income and expense. The Group's income as a fund manager (mudharib) consists of income and expense from Mudaraba and Hajj transactions, income from profit sharing of Sukuk and Mudaraba financing and other operating income.

Mudaraba income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

Profit sharing income from Mudaraba is recognised in the period when the rights arise in accordance with agreed sharing ratio, and the recognition based on projection of income is not allowed.

e. Fees and commission income and expense

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees are recognised as the related services are performed.

f. Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest income on financial assets at fair value through profit or loss, dividends and foreign exchange differences.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.3 Revenue recognition- continued****g. Dividend income**

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on equity instruments classified and measured at fair value through OCI (FVOCI) are recognised as a component of other operating income.

2.2.4 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central Companies, operating accounts with other Companies, amount due from other Companies and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost.

For the purposes of the statement of cash flows, cash and cash equivalents include cash and non-restricted balances with central Company, balances held with local Companies, balances with foreign Companies and money market placements.

2.2.5 Property, plant and equipment**(i) Recognition and measurement**

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

Cost include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognised in other income/other expenses in profit or loss.

(ii) Subsequent costs

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.5 Property, plant and equipment - continued****(iii) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 -Noncurrent Assets Held for Sale and Discontinued Operations. A non-current asset or disposal group is not depreciated while it is classified as held for sale. Leasehold land are not depreciated

The estimated useful lives for property, plant and equipment are as follows:

Leasehold buildings	50 years
Leasehold improvements	10 years
Furniture, fittings & equipment	5 years
Computer equipment	5 years
Motor vehicles	4 years
Farm equipment and machines (tractors and harvesters)	10 years
Farm equipment and machines (plough, harrow and sprayers)	5 years
Information technology servers	10 years
Renewable (solar related) assets:	
- Solar PVS	20 years
- Batteries, inverters & charge controllers	10 years

Capital work in progress consists of items of property, plant and equipment that are not yet available for use. Capital work in progress is not depreciated, it is transferred to the relevant asset category upon completion.

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

(iv) De-recognition

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

2.2.6 Non-current assets held for sale

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

A non-current asset ceases to be classified as a held for sale if the criteria mentioned above are no longer met. A non-current asset that ceases to be classified as held for sale is measured at the lower of:

- (i) its carrying amount before the asset (or disposal group) was classified as held for sale or for distribution, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been so classified; and
- (ii) its recoverable amount at the date of the subsequent decision not to sell or distribute.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2.7 Intangible assets**Software**

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

2.2 Summary of material accounting policies**2.2.7 Intangible assets - continued**

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and accounted for prospectively.

2.2.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Leases are accounted for in accordance with IFRS 16.

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 23.2 and are subject to impairment in line with the Group's policy as described in Note 2.2.9 Impairment of non-financial assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.8 Leases - continued****(b) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and in substance fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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 impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The 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 groups of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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. Where 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 respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies****2.2.10 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are carried at historical cost less accumulated depreciation and impairment. The fair value and valuation inputs of the investment property are also disclosed in note 24.3 in accordance with IAS 40.

The investment properties consist of buildings which are depreciated on a straight-line basis over their useful life of 50 years.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.2.11 Employee benefits**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8%, respectively of the qualifying employee's monthly basic, housing and transport allowance. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

(ii) Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

(iii) Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.12 Contingencies****(i) Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

(ii) Contingent liability

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

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

(iii) Provisions

Provisions for restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events;

It is more probable than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The Group recognises no provisions for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.2.13 Share capital**(i) Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the proceeds of the equity instruments.

(ii) Share premium

Any excess of the fair value of the consideration received over the par value of shares issued is recognised as share premium.

(iii) Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are approved and declared by the Group's shareholders.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 Summary of material accounting policies**2.2.14 Equity reserves****(i) Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through other comprehensive income until the investment is derecognized or impaired.

(ii) Share capital reserve

The share capital reserve represents the surplus nominal value of the shares of the Group which were reconstructed in June 2006 after the merger.

(iii) Regulatory risk reserve

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

(iv) SMEEIS reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed Companies set aside 5 percent of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises.

(v) Statutory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

(vi) AGSMEIS reserve

The Company's committee at its 331st meeting held on 9 February 2017 approved the Agric-Business, Small and Medium Investment Scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/Small and Medium Enterprises (SMEs). All deposit money company's are required to set aside 5% of Profit After Tax (PAT) annually after their financial statements have been audited by external auditors and approved by Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

2.2.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies - continued****2.2.16 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 Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The Group segment reporting is based on the following operating segments: Retail banking, Commercial banking, Institutional banking, Corporate & Investment banking, Non-Interest banking and Special Purpose Vehicle (SPV).

2.2.17 Foreign currency translation

The Group's functional and presentation currency is Nigerian Naira ("N"). Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange at the reporting date. Differences arising from translation of monetary items are recognised in other operating income in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.2.18 Pledged financial assets

Financial assets pledged as collateral are classified separately from other assets when the counterparty has the right to sell or re-pledge the collateral (by custom or contract) and so debt instruments at FVOCI, and debt instruments at amortised cost are shown separately in the statement of financial position if they can be sold or pledged by the transferee.

Financial investments available for sale pledged as collateral are measured at fair value while financial investments held to maturity are measured at amortised cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies - continued****2.2.19 Fair value definition and measurement**

The Group measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions are in Note 3.

Quantitative disclosures of fair value measurement hierarchy are in Note 39

Financial instruments (including those carried at amortised cost) are in Note 39

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability and in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2 Summary of material accounting policies - continued****2.2.20 Non interest banking**

Brief explanation for each type of sharia financing is as follows:

Mudaraba financing is a co-operation for certain project between first party (Malik, Shahibul or mal) as owner of fund and second party (Amil, Mudharib or debtors) as fund manager whereas the profit will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Company except if the second party acts in negligence, error or violates the agreement. Mudaraba financing is reported at the outstanding financing balance less allowance for incurred losses.

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. Ijarah muntahiyah bittamlik is an agreement on the availability of fund in relation to transferring the use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. Ijarah receivables are recognised at due date at the amount of lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Mudaraba and Ijarah receivables are classified as debt instruments at amortised cost. Refer to Note 2.2.2 for the accounting policy on debt instruments at amortised cost.

Deposit Liabilities

Deposits liabilities on non-interest banking are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits on non-interest banking are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2.2.2(ii) for the accounting policy for financial liabilities at amortised cost above.

Included in the deposits liabilities are non interest banking deposits in form of hajj deposits, trust deposits, and Certificates Mudharabah Investment Company (SIMA). SIMA is an investment certificate issued by the Company which adopts profit sharing practice and in form of placement. SIMA financing period ranges from over one year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**3 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the acbanking disclosure, as well as the disclosure of contingent liability about these assumptions and estimates that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

3.1 Estimates and Assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

See Note 24 for further disclosure on property, plant and equipment.

(ii) Amortisation and carrying value of intangible assets

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of intangible assets will have an impact on the carrying value of these items. See Note 25 for further information disclosure on intangible assets.

(iii) Determination of impairment of property, plant and equipment, and intangible assets

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

(iv) Determination of collateral value

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterparty. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however some collateral, for example, cash or securities relating to margin requirements, is valued daily. To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. See Note 39 for further disclosure on collateral value.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3 Significant accounting judgements, estimates and assumptions - continued**3.1 Estimates and Assumptions- continued****(v) Business model assessment**

For financial assets that are held for the purpose of collecting contractual cash flows, the Group has assessed whether the contractual terms of these assets are solely payments of principal and interest on the principal amount outstanding.

Allowances for credit losses

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, The Company'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 Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life time Expected credit losses (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

(vi) Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.2.19. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3 Significant accounting judgements, estimates and assumptions - continued**3.1 Estimates and Assumptions- continued****(vii) Deferred tax assets**

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely. See Note 14(i) for further information on judgment and estimates relating to deferred tax assets.

(viii) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates for similar transactions) and is required to make certain entity-specific adjustments or to reflect the terms and conditions of the lease.

3.2 Judgments

Judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

(i) Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

(ii) Deferred tax asset

Management uses its experienced judgement in not recognizing additional deferred tax assets. The amount of those items that give rise to the unrecognized deferred tax asset are disclosed in Note 14(i) of the financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3 Significant accounting judgements, estimates and assumptions - continued**3.2 Judgments - continued****(iii) Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain if to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4 New and revised IFRS Accounting Standards**4.1 New and revised IFRS Accounting Standards in issue and effective in the current year**

The following amendments and interpretations became effective in the annual period starting from 1 January, 2025. The new reporting requirements as a result of the amendments and interpretations have been considered and their impact or otherwise are presented below:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4 New and revised IFRS Accounting Standards - continued**4.1 New and revised IFRS Accounting Standards in issue and effective in the current year - continued**

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

These amendments, which became on 1 January 2025 did not have significant impact on the consolidated financial statements of the Group.

4.2 New and revised IFRS Accounting Standards issued but not yet effective

At the date of authorisation of these financial statements, the bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective [and [in some cases] have not yet been adopted by the Group:

- Amendments to IAS 21 Lack of Exchangeability
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 9 and IFRS 7 – Classification and Measurement of Financial
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4 New and revised IFRS Accounting Standards - continued**4.2 New and revised IFRS Accounting Standards issued but not yet effective - continued****IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**

In 2024, IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments stipulate:

- that a financial liability should be derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- the treatment of non-recourse assets and contractually linked instruments.
- additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESGlinked), and equity instruments classified at fair value through other comprehensive income.

The amendment is not expected to have any significant impact on the Group.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The directors of the Group do not anticipate that IFRS 19 will be applied for purposes of the financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**5 Segment Information**

Segment information is presented in respect of the Group's strategic business units. The segment reporting format is based on the Operating Entities' management and reporting structure.

(a) All non-current assets are located in the country of domicile and revenues earned are within same country.

(b) *Reportable segment*

The Group has five reportable segments; Retail Banking, Commercial banking, Institutional Banking, Corporate & Investment Banking, and Special Purpose Vehicle (SPV) which are the Bank'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. For each of the strategic business units, the Executive Management Committee reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- o Corporate banking provides banking solutions to multinational companies and other financial institutions;
- o Commercial banking provides banking solutions to medium-sized enterprises and commercial entities.
- o Retail banking provides banking solutions to individuals, small businesses and partnerships
- o The Special Purpose Vehicle is used to raise funds through the issuance of debt securities.

All transactions between business segments are conducted on an arm's length basis, internal charges and transfer pricing adjustments are reflected in the performance of each business.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

5 Segment Information - continued

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2025 (2024: none).

31 December 2025 <i>In millions of Naira</i>	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	SPV	Total
Interest and non - interest banking income	88,105	75,918	72,999	128,703	1,348	367,073
Interest and non - interest banking expense	(22,588)	(38,737)	(30,754)	(64,967)	(1,371)	(158,417)
Net interest and Non - interest margin	65,517	37,181	42,245	63,736	(23)	208,656
Net fees and commission income	7,838	3,693	11,527	20,650	-	43,708
Credit loss expense	(16,759)	(1,448)	(4,252)	(10,463)	-	(32,922)
Depreciation and Amortization	(4,821)	(601)	(1,464)	(1,331)	-	(8,217)
Operating Expenses	(61,243)	(44,507)	(36,673)	(41,436)	(26)	(183,885)
Segment profit/(loss)	21,282	6,249	17,182	42,112	(49)	86,776
Assets as at 31 December 2025						
Total Assets	795,780	951,588	512,044	1,638,002	14,228	3,911,642
Total Liabilities	1,083,999	866,889	602,509	915,888	13,654	3,482,939

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

5 Segment Information - continued

31 December 2024 <i>In millions of Naira</i>	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	SPV	Total
Interest and non - interest banking income	99,438	45,417	55,411	56,537	2,015	258,818
Interest and non - interest banking expense	(31,690)	(25,724)	(22,317)	(42,417)	(1,864)	(124,012)
Net interest and Non - interest margin	67,748	19,693	33,094	14,120	151	134,806
Net fees and commission income	(3,156)	2,699	553	33,832	-	33,928
Credit loss expense	(7,898)	(897)	(785)	(1,240)	36	(10,784)
Depreciation and Amortization	79,547	(22,371)	(27,022)	(35,779)	-	(5,625)
Operating Expenses	(137,153)	(606)	(416)	(2,361)	(1)	(140,537)
Segment profit/(loss)	18,903	3,927	6,575	16,271	186	45,862
Assets as at 31 December 2024						
Total Assets	981,115	732,763	621,867	1,191,967	14,228	3,541,940
Total Liabilities	1,065,807	639,916	622,364	895,040	13,654	3,236,781

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
6 Interest and similar income using effective interest/return rate				
Loans and advances to customers	214,227	176,796	-	-
Investment securities	90,859	59,817	-	-
Cash and cash equivalents	39,058	4,621	1,858	1,120
Income from financing contracts	12,341	6,962	-	-
Income from investment in sukuk and other market instruments	10,588	10,622	-	-
	367,073	258,818	1,858	1,120

a. Modification loss of N169 million (2024: N22million loss) for Group has been included in the interest income on loans and advances. This adjustment represents the changes in gross carrying amounts of the financial assets from immediately before, to immediately after modification using the effective interest rate of the initial contract.

b. The Company's interest income on cash and cash equivalents represents N1.86 billion interest income earned on its fixed deposit investment.

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
c.				
Interest from investment securities were derived from:				
Debt instruments at amortised cost	22,739	12,699	-	-
Debt instruments at fair value through other comprehensive income	78,708	18,251	-	-
	101,447	30,950	-	-

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
7 Interest and similar expense using effective interest/return rate				
Deposits from customers	96,185	57,709	-	-
Returns to investment account holders (Note 7.1)	18,135	9,000	-	-
Debt securities issued	4,122	5,013	-	-
Other borrowed funds	17,613	28,058	257	-
Deposits from banks	22,332	24,222	-	-
Interest on lease liability	30	10	-	-
	158,417	124,012	257	-

7.1 Returns to investment account holders represent the investors' share of profit (Mudarabah depositors) based on the pre-agreed profit-sharing ratio on their invested funds.

8 Net fees and commission income

Fee and commission income is disaggregated below and includes total fees in scope of IFRS 15, Revenues from Contracts with Customers:

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
E-business commission and fees	13,342	8,467	-	-
Account maintenance fees	7,892	5,401	-	-
Commissions and similar income	6,397	4,615	-	-
Facility management fees	11,125	6,274	-	-
Other fees (Note 8.1)	4,541	7,087	-	-
Total revenue from contracts with customers	43,297	31,844	-	-
Other non-contract fee income:				
Commission on letter of credit transactions	16,993	12,456	-	-
Total fees and commission income	60,290	44,300	-	-
Total fees and commission expense				
Fees and commission expense	(16,582)	(10,372)	-	-
Net fees and commission income	43,708	33,928	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

8.1 Other fees include mostly advisory fees, facility agent fees among others.

Fees and commissions above excludes amounts included in determining the effective interest rate on financial assets that are not at fair value through profit or loss.

<i>In millions of Naira</i>		Group 2025	Group 2024	Company 2025	Company 2024
9	Net trading income				
	Bonds	9,097	6,662	-	-
	Treasury bills	15,416	4,140	-	-
	Gold bullion - FVPL	250	-	-	-
	Foreign exchange trading	1,388	2,716	-	-
	Foreign exchange revaluation (loss)/gain	(3,969)	2,135	-	-
		22,182	15,653	-	-

Foreign exchange trading income includes gains and losses from spot and forward contracts and other currency derivatives. Other foreign exchange differences arising on non-trading activities are presented as foreign exchange revaluation loss.

The Bank did not hold any non-monetary items denominated in foreign currency, nor did it have any foreign operations during the reporting period. Hence, no exchange gains or losses were recognized in other comprehensive income.

<i>In millions of Naira</i>		Group 2025	Group 2024	Company 2025	Company 2024
10	Other operating income/revenue				
	Cash recoveries on previously written off accounts	277	497	-	-
	Dividend income from FVOCI equity investments	1,103	676	-	-
	Dividend income from subsidiaries (note 10.1)	-	-	5,830	7,567
	Rental income	474	295	-	-
	Gains on disposal of property, plant and equipment	-	1,272	-	1
	Gains on disposal of investment property	532	7,616	-	-
	Income from direct commodity trading	17,720	1,782	-	-
	Income from Musharaka Investment	5,457	89	-	-
	Other sundry income (note 10.2)	11,691	6,194	7,318	-
		37,254	18,421	13,148	12,924

10.1 The Company's dividend from subsidiaries is comprised of:
- N5.8 billion relates to 2025FY dividend received from subsidiary.

10.2 - The Group's other sundry income includes income earned from placement of proceeds of capital raised (N4.98 billion), cashless policy charge (N1.46 billion), bills discounting income (N1.00 billion) sukuk sales Income (N676 million) among others.

- The Company's 2025FY sundry income comprised of N4.98billion income earned from placement of proceeds of capital raised and N2.34 billion shared services income.

11 Credit loss expense

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

<i>In millions of Naira</i>		Group 2025	Group 2024	Company 2025	Company 2024
11a	Credit loss expense (see note 11 b. below for breakdown)				
	Loans and advances impairment:				
	Impairment on loans to corporate entities	27,360	2,619	-	-
	Impairment on loans to individuals	10,860	16,693	-	-
	Write-offs	1,028	548	-	-
	Reversal of allowances no longer required - corporate entities	(2,824)	(11,488)	-	-
	Reversal of allowances no longer required - individuals	(4,209)	(1,505)	-	-
		32,215	6,867	-	-
	Impairment charge on other assets (note 23ii)	(317)	3,937	-	-
	Impairment charge on investment securities (notes 18.3.1, 18.3.2, 21e and 21f)	(718)	139	-	-
	Impairment charge/(reversal) on letters of credit and guarantees	1,742	(159)	-	-
		707	3,917	-	-
		32,922	10,784	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

11b Credit loss expense

The table below shows the ECL charges on financial instruments for the year 31 December 2025 recorded in profit or loss :

				2025
Group				
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(358)	13,226	19,347	32,215
Debt instruments measured at FVOCI	(638)	-	-	(638)
Debt instruments measured at amortised cost	(80)	-	-	(80)
Other assets	(163)	-	(154)	(317)
Financial guarantees	1,672	-	-	1,672
Letters of credit	70	-	-	70
Total credit loss expense	503	13,226	19,193	32,922
				2024
Group				
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	924	(2,665)	8,608	6,867
Debt instruments measured at FVOCI	300	-	-	300
Debt instruments measured at amortised cost	(161)	-	-	(161)
Other assets	118	-	3,819	3,937
Financial guarantees	(159)	-	-	(159)
Letters of credit	-	-	-	-
Total credit loss expense	1,022	(2,665)	12,427	10,784

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
12 Personnel expenses				
Wages and salaries	50,693	28,960	1,675	658
Defined contribution plan	3,055	2,367	64	29
	53,748	31,327	1,739	687
13.1 Operating expenses				
Contract services	15,227	11,352	-	-
AMCON surcharge (see (a) below)	17,942	14,054	-	-
Insurance	14,445	10,021	19	-
Other professional fees (see (b) below)	4,855	2,777	160	120
Administrative expenses	25,043	18,153	258	821
Office expenses	12,580	10,395	247	99
Communication cost	4,125	3,010	74	25
Rents and rates	1,632	1,057	-	-
Advertising and business promotion	4,890	4,364	118	12
Other general expenses (see (c) below)	1,697	1,456	2	1
Branding expenses	1,501	1,384	62	23
Seminar and conferences	2,260	1,757	-	-
Security	726	542	11	4
Cash handling and cash processing expenses	2,969	1,669	8	3
Transport, travel, accomodation	2,422	1,922	79	193
Directors other expenses	636	1,123	311	135
Annual general meeting expenses	195	106	189	6
Stationery and printing	410	563	2	45
Audit fees*	355	375	27	26
Membership and subscription	391	315	58	14
Directors fee	1,429	653	227	157
Loss on disposal of property, plant and equipment	50	-	-	-
Fines and penalties (see (d) below)	-	388	-	9
	115,780	87,436	1,852	1,693

* This relates to audit services only. Please see Note 46 for disclosure on non-audit services.

- (a) AMCON sinking fund contribution
This represents the Group's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) Act. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% of its total assets plus 0.5% of all contingent assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This contribution is for a period of 10 years from the effective date of 1 January 2013. It is non-refundable and does not represent any ownership interest.
- (b) Other professional fees include legal charges and filing fees.
- (c) Included in other general expenses are loan recovery expenses, custodial services, debt capital expenses, miscellaneous office expenses, etc.
- (d) This consisted of N9 million and N379 million penalties paid to the Nigerian Exchange and the Central Bank of Nigeria (CBN), respectively. Please see Note 42 for details of CBN penalties.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
13.2 Depreciation and amortisation				
Depreciation of property, plant and equipment (see note 24.1)	5,894	4,052	188	80
Depreciation of right-of-use asset amortisation (see note 24.2)	1,303	1,033	-	-
Depreciation investment property (see note 24.3)	69	40	-	-
Amortisation of intangible assets (see note 25)	951	500	-	-
	8,217	5,625	188	80
13.3 Other property, plant and equipment (PPE) costs				
Repairs and maintenance of PPE	14,357	21,774	241	110
14 Income tax				
a(i) Current income tax expense:				
Income tax (note 14d(i))	5,726	2,512	524	832
Education tax (note 14d(ii))	1,725	703	157	117
Capital Gains Tax (note 14e)	48	-	-	-
	7,499	3,215	681	949
Information Technology levy (note 14f)	892	501	66	82
Nigeria Police Trust Fund levy (note 14g)	-	3	-	-
National Agency for Science and Engineering Infrastructure levy (note 14h)	205	105	-	-
	8,596	3,824	747	1,031
Prior period under provision	-	(17)	-	-
Origination of temporary differences	875	(5,303)	987	44
Total income tax expense	9,471	(1,496)	1,734	1,075
a (ii) Windfall levy				
Windfall levy (note 14e)	971	3,683	-	-
	971	3,683	-	-
<i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
(b) Current income tax payable				
The movement on this account during the year was as follows:				
At 1 January	3,382	1,468	953	949
Estimated charge for the year (see (14a) above)	7,499	3,215	681	949
Prior period under/(excess) provision	-	(17)	-	-
Payments during the year	(2,985)	(1,284)	(953)	(945)
At 31 December	7,896	3,382	681	953

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group 2025		Group 2024		Company 2025		Company 2024	
14 Income tax - continued								
(c) Reconciliation of total tax charge								
	%		%		%		%	
Profit before income tax expense	100%	86,776	100%	45,862	100%	10,729	1.00	11,474
Income payable @ statutory tax rate of 30%	30%	26,033	30%	13,759	30%	3,219	30%	3,442
Tax effect of:								
Non-deductible expenses	14%	12,026	21%	9,587	1%	119	0%	43
Tax- exempt Income	(23%)	(19,834)	(65%)	(21,808)	10%	1,048	(27%)	(2,218)
Education tax	2%	1,725	2%	706	1%	157	1%	117
Capital Gains Tax	0%	48	0%	-	0%	-	0%	-
Nigeria Police Trust Fund	0%	-	0%	3	0%	-	0%	-
National Agency for Science and Engineering Infrastructure Act Levy	0%	205	0%	105	0%	-	0%	-
Information Technology Levy (NITDA)	1%	892	1%	501	1%	66	1%	82
Prior period under/(excess) provision	0%	-	0%	(17)	0%	-	0%	-
Impact of differences in tax rates	(14%)	(12,520)	(3%)	(1,528)	(36%)	(3,862)	(9%)	(990)
Impact of deferred tax assets	1%	875	(12%)	(5,304)	9%	987	-2%	(233)
Minimum tax	0%	21	5%	2,500	0%	-	7%	832
Effective tax rate/ Income tax expense	11%	9,471	(18%)	(1,496)	16%	1,734	0.09	1,075

d(i) The Companies Income Tax Act (CITA) in Nigeria requires companies having more than N100 Million Naira turnover to pay income tax at the rate of 30% of their taxable profits. Where the company do not have a taxable profit or where the income tax on the taxable profit is lower than the prescribed minimum tax, the minimum tax shall apply. Minimum tax in Nigeria is assessed at the rate of 0.5% of the turnover. The income tax of the Company was higher than minimum tax during the year under review. The Companies Income Tax charge of the Company for the year was N525million

d(ii) The basis of the Education Tax is 3% of assessable profit and the company's education tax for 2025FY is N117million (2024: N117million). Education Tax is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country.

(e) The windfall levy was introduced by Finance (Amendment) Act 2025 signed by the President on 13 August 2024. The levy is applicable to banks that are licensed to carry out foreign exchange transactions. It is payable from 2023 to 2025 financial years based on 70% of realized profits from all foreign exchange transactions. The levy due from the the banking entities in the Group for 2025 financial year was N971million.

(f) The National Information Technology Development Agency Act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to the National Information Technology Development Agency. The applicable levy for bank holding company is subject to adjustment of profit before tax in arriving at the levy. Hence, the NITD levy due for the year was N66million.

(g) Section 4 of the Nigeria Police Trust Fund (Establishment) Act 2019 requires companies operating in Nigeria to contribute 0.005% of their profit before tax to the Fund. However, the Act provides that the Fund shall operate for a period of six years from its commencement. As this six-year period has now elapsed, the levy is no longer payable by companies.

(h) National Agency for Science and Engineering Infrastructure Act (Cap N3 LFN 2004) stipulates that commercial companies and firms with income or turnover of N100million and above are required to contribute 0.25% of their profit before tax (the Levy), into the Fund. The Company is not covered by the provisions of the NASENI Act.

(i) Exempt income comprises dividend income received by the Group from its operating subsidiaries, as well as income from federal government bonds held by the operating entities. Dividend income, upon receipt, is treated as franked investment income (FII) and is not subject to further taxation

(j) Non-deductible expenses represent costs incurred in connection with the generation of exempt income, including those related to the management of dividend income from subsidiaries, as well as expenses that are not incurred wholly, exclusively, and necessarily in the ordinary course of business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14 Income tax

(i) Deferred tax assets and liabilities are attributable to the following:

31 December 2025 <i>In millions of Naira</i>	Group		Company	
	Asset	Liabilities	Asset	Liabilities
Property, plant and equipment and software	-	9,822	-	1,031
Unutilised tax credit (capital allowance)	18,675	-	-	-
Provisions	3,290	-	-	-
	21,965	9,822	-	1,031

31 December 2024 <i>In millions of Naira</i>	Group		Company	
	Asset	Liabilities	Asset	Liabilities
Property, Plant and Equipment and software	-	7,774	-	44
Unutilised tax credit (capital allowance)	32,908	-	-	-
Tax loss	440	-	-	-
Provisions	-	12,556	-	-
	33,348	20,330	-	44

The Company has unutilized capital allowance of N773,902,679 at the end of 2025 financial year. In addition, the Company has recognized deferred tax liability of N1.03billion (2024:N43,568,640) arising from temporary differences associated with property, plant, and equipment.

15 Earnings per share (basic and diluted)

The calculation of basic earnings per share as at 31 December 2025 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	Group 2025	Group 2024	Company 2025	Company 2024
a Issued ordinary shares as at 31 December Unit ('millions)	54,690	45,457	54,690	45,457
Weighted average number of ordinary shares	50,075	29,018	50,075	29,018
Profit for the year attributable to equity holders of the				
b Bank (in million Naira)	76,334	43,675	8,995	10,399
Basic earnings per share (in kobo)	152k	151k	18k	36k
Diluted earnings per share (in kobo)	152k	151k	18k	36k

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<i>In millions of Naira</i>		Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
16	Cash and balances with Central Bank of Nigeria				
	Cash and foreign monies	30,625	28,453	-	-
	Unrestricted balances with Central Bank of Nigeria	12,187	61,585	-	-
	Deposits with the Central Bank of Nigeria	718,827	777,087	-	-
		761,639	867,125	-	-

Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the Group's day-to-day operations. It does not form part of cash and cash equivalents in the statement of cash flows.

<i>In millions of Naira</i>		Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
17	Due from banks				
	Balances held with banks outside Nigeria	442,418	557,625	-	-
	Money market placements	22,199	11,824	-	-
	Balances held with local banks	7,652	6	8,471	14,735
		472,269	569,455	8,471	14,735

Included in balances with banks outside Nigeria is the Naira equivalent of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities (see Note 31.1).

Money market placements are interbank placements for varying periods between one day to three months, depending on the immediate cash requirements of the commercial banking subsidiary and earn interest at the prevailing market rate.

<i>In millions of Naira</i>		Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
18	Pledged assets				
18.1	Debt instruments at Fair value through other comprehensive income (FVOCI)				
	Treasury bills FVOCI (see note (a) below)	-	18,112	-	-
	Total debt instruments measured at FVOCI	-	18,112	-	-
18.2	Pledged assets Debt instruments at amortised cost				
	Treasury bills at amortised cost (see note (b) below)	14,909	9,326	-	-
	Government bonds at amortised cost (see note (c) below)	228	229	-	-
	Other pledged assets (see note (d) below)	950	1,022	-	-
	Sub-total	16,087	10,577	-	-
	ECL on Pledged asset at amortised cost	(2)	(14)	-	-
	Total debt instruments measured at amortised cost	16,085	10,563	-	-
	Total pledged assets	16,085	28,675	-	-

The Group pledges assets that are on its statement of financial position relate to various day-to-day transactions that are conducted under the usual terms and conditions applying to such agreements.

- Pledged for interbank transactions.
- Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions.
- Pledged as security for loan facility from Bank of Industry.
- Included in other pledged assets are cash collateral for visa card transactions. The cash collateral assets are not part of the fund used by the Group for day to day activities.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18.3 Pledged assets measured at FVOCI

18.3.1 Impairment losses on pledged assets subject to impairment assessment

The table below shows the fair value of the Group's pledged assets instruments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. Details of the Group's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

2025				
Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	-	-	-	-
Total	-	-	-	-

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2025	18,112			18,112
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(18,112)	-	-	(18,112)
At 31 December 2025	-	-	-	-

Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	4	-	-	4
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(4)	-	-	(4)
At 31 December 2025	-	-	-	-

2024				
Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	18,112	-	-	18,112
Total	18,112	-	-	18,112

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2024	-	-	-	-
New assets originated or purchased	18,112	-	-	18,112
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Change in fair value	-	-	-	-
At 31 December 2024	18,112	-	-	18,112

18.3.1 Impairment losses on pledged assets subject to impairment assessment

Group				
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	-	-	-	-
New assets originated or purchased	4	-	-	4
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2024	4	-	-	4

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18.3.2 Pledged assets instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 39:

Group					2025
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
Internal rating grade					
RR1-RR2	16,087	-	-	16,087	
Total	16,087	-	-	16,087	

Group					2025
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
Gross carrying amount as at 1 January 2025	10,577	-	-	10,577	
New assets originated or purchased	14,909	-	-	14,909	
Assets derecognised or matured (excluding write-offs)	(9,327)	-	-	(9,327)	
Foreign exchange adjustments	(72)	-	-	(72)	
At 31 December 2025	16,087	-	-	16,087	

Group					2025
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
ECL allowance as at 1 January 2025	14	-	-	14	
New assets purchased	2	-	-	2	
Assets derecognised or matured (excluding write offs)	(14)	-	-	(14)	
At 31 December 2025	2	-	-	2	

Group					2024
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
Internal rating grade					
RR1-RR2	10,577	-	-	10,577	
Total	10,577	-	-	10,577	

Group					2024
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
Gross carrying amount as at 1 January 2024	11,288	-	-	11,288	
New assets originated or purchased	9,326	-	-	9,326	
Assets derecognised or matured (excluding write-offs)	(10,431)	-	-	(10,431)	
Foreign exchange adjustments	394	-	-	394	
At 31 December 2024	10,577	-	-	10,577	

Group					2024
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total	
ECL allowance as at 1 January 2024	16	-	-	16	
New assets purchased	14	-	-	14	
Assets derecognised or matured (excluding write offs)	(16)	-	-	(16)	
At 31 December 2024	14	-	-	14	

	Group		Company	
	Assets	Liabilities	Assets	Liabilities
19 Derivative financial assets and liabilities				
At 31 December 2025				
Foreign currency swaps	-	1,433	-	-
Notional Amount	-	71,997	-	-
At 31 December 2024				
Foreign currency swaps	-	-	-	-
Notional Amount	-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>		Group	Group	Company	Company
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
20	Loans and advances to customers				
	Loans to corporate entities and other organizations	1,346,002	1,040,348	-	-
	Loans to individuals	122,630	101,096	-	-
		1,468,632	1,141,444	-	-
	Less:				
	Impairment allowance on loans to corporate entities	(32,495)	(13,748)	-	-
	Impairment allowance on loans to individuals	(22,877)	(23,726)	-	-
		1,413,260	1,103,970	-	-

20.1 Loans and advances to corporate customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

<i>Group</i>		31 December 2025			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
External rating grade					
	RR1-RR2	51,282	-	-	51,282
	RR3-RR4	910,511	-	-	910,511
	RR5-RR6	14,766	332,376	-	347,142
	RR7	-	-	8,926	8,926
	RR8	-	-	3,239	3,239
	RR9	-	-	24,902	24,902
	Total	976,559	332,376	37,067	1,346,002

<i>Group</i>		31 December 2024			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
External rating grade					
	RR1-RR2	29,143	-	-	29,143
	RR3-RR4	549,101	-	-	549,101
	RR5-RR6	29,014	405,304	-	434,318
	RR7	-	-	9,672	9,672
	RR8	-	-	2,305	2,305
	RR9	-	-	15,809	15,809
	Total	607,258	405,304	27,786	1,040,348

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

20.1 Loans and advances to corporate customers - continued

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

Group	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
<i>In millions of Naira</i>				
Gross carrying amount as at 1 January 2025	607,258	405,304	27,786	1,040,348
New assets originated or purchased	538,074	46,723	5,745	590,542
Assets derecognised or repaid (excluding write offs)	(203,689)	(68,557)	(630)	(272,876)
Transfers to Stage 1	54,712	(54,701)	(11)	-
Transfers to Stage 2	(8,718)	8,886	(168)	-
Transfers to Stage 3	(5,180)	(4,086)	9,266	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	(1)	(4,921)	(4,922)
Foreign exchange adjustments	(5,898)	(1,192)	-	(7,090)
At 31 December	976,559	332,376	37,067	1,346,002
	-	-	-	-

The analysis of changes in gross carrying amount is inclusive of movement in accrued interest (interest paid and interest accrued).

Group	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
<i>In millions of Naira</i>				
Gross carrying amount as at 1 January 2024	548,063	254,640	19,756	822,459
New assets originated or purchased	328,816	236,449	5,828	571,093
Assets derecognised or repaid (excluding write offs)	(281,029)	(173,746)	(1,503)	(456,278)
Transfers to Stage 1	112	(29)	(83)	-
Transfers to Stage 2	(46,149)	46,149	-	-
Transfers to Stage 3	(4,404)	(755)	5,159	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	142	-	142
Amounts written off	(28)	-	(1,371)	(1,399)
Foreign exchange adjustments	61,877	42,454	-	104,331
At 31 December	607,258	405,304	27,786	1,040,348

Group	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
<i>In millions of Naira</i>				
ECL allowance as at 1 January 2025	2,736	4,748	6,264	13,748
New assets originated or purchased	1,509	15,025	13,417	29,951
Assets derecognised or repaid (excluding write offs)	(2,265)	(3,684)	(314)	(6,263)
Transfers to Stage 1	13	(13)	-	-
Transfers to Stage 2	(281)	302	(21)	-
Transfers to Stage 3	(209)	(422)	631	-
Impact on year end ECL of exposures transferred between stages during the period	743	327	(229)	841
Amounts written off	-	(1)	(4,921)	(4,922)
Foreign exchange adjustments	(34)	(24)	(802)	(860)
At 31 December 2025	2,212	16,258	14,025	32,495

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

20.1 Loans and advances to corporate customers - continued

Group	31 December 2024			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	1,103	9,451	8,368	18,922
New assets originated or purchased	1,494	3,261	4,241	8,996
Assets derecognised or repaid (excluding write offs)	(169)	(8,572)	(5,154)	(13,895)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(71)	71	-	-
Transfers to Stage 3	(99)	(124)	222	(1)
Impact on year end ECL of exposures transferred between stages during the period	97	110	(42)	165
Amounts written off	(28)	-	(1,371)	(1,399)
Foreign exchange adjustments	409	551	-	960
At 31 December 2024	2,736	4,748	6,264	13,748

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was N12.4 billion at 31 December 2025 (2024: N5.1 billion).

20.2 Loans to Individuals

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

Group	31 December 2025			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	1,642	-	-	1,642
RR3-RR4	64,845	-	-	64,845
RR5-RR6	986	22,959	-	23,945
RR7	-	-	8,261	8,261
RR8	-	-	7,074	7,074
RR9	-	-	16,863	16,863
Total	67,473	22,959	32,198	122,630

Group	31 December 2024			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	1,838	-	-	1,838
RR3-RR4	41,879	-	-	41,879
RR5-RR6	1,377	22,208	-	23,585
RR7	-	-	8,230	8,230
RR8	-	-	13,181	13,181
RR9	-	-	12,383	12,383
Total	45,094	22,208	33,794	101,096

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

20.2 Loans to Individuals - continued

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

Group	31 December 2025			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	45,094	22,208	33,794	101,096
New assets originated or purchased	49,876	7,300	4,110	61,286
Assets derecognised or repaid (excluding write offs)	(23,164)	(4,018)	(4,016)	(31,198)
Transfers to Stage 1	459	(373)	(86)	-
Transfers to Stage 2	(2,019)	2,041	(22)	-
Transfers to Stage 3	(2,752)	(4,199)	6,951	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(1)	-	(8,533)	(8,534)
Foreign exchange adjustments	(20)	-	-	(20)
At 31 December	67,473	22,959	32,198	122,630

The analysis of changes in gross carrying amount is inclusive of movement in accrued interest (interest paid and interest accrued).

Group	31 December 2024			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	65,932	10,862	27,213	104,007
New assets originated or purchased	35,849	18,202	6,941	60,992
Assets derecognised or repaid (excluding write offs)	(49,045)	(5,195)	(5,922)	(60,162)
Transfers to Stage 1	103	(68)	(36)	(1)
Transfers to Stage 2	(3,573)	3,595	(23)	(1)
Transfers to Stage 3	(3,995)	(4,978)	8,972	(1)
Amounts written off	(297)	(210)	(3,351)	(3,858)
Foreign exchange adjustments	120	-	-	120
At 31 December	45,094	22,208	33,794	101,096

Group	31 December 2025			
<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	1,135	3,504	19,087	23,726
New assets originated or purchased	812	3,661	8,303	12,776
Assets derecognised or repaid (excluding write offs)	(826)	(2,638)	(2,893)	(6,357)
Transfers to Stage 1	10	(8)	(2)	-
Transfers to Stage 2	(130)	134	(4)	-
Transfers to Stage 3	(107)	(674)	781	-
Impact on year end ECL of exposures transferred between stages during the period	45	33	161	239
Amounts written off	(1)	-	(7,505)	(7,506)
Foreign exchange adjustments	(1)	-	-	(1)
At 31 December	937	4,012	17,928	22,877

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

20.2 Loans to Individuals - continued

Group <i>In millions of Naira</i>	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	367	421	10,934	11,722
New assets originated or purchased	1,258	3,673	10,746	15,677
Assets derecognised or repaid (excluding write offs)	(35)	(176)	(20)	(231)
Transfers to Stage 1	2	(1)	(1)	-
Transfers to Stage 2	(15)	18	(2)	1
Transfers to Stage 3	(15)	(192)	207	-
Impact on year end ECL of exposures transferred between stages during the period	(132)	(29)	26	(135)
Amounts written off	(297)	(210)	(2,803)	(3,310)
Foreign exchange adjustments	2	-	-	2
At 31 December	1,135	3,504	19,087	23,726

Loans and advances are granted at different interest rates across the various products.

<i>In millions of Naira</i>	Group	Group	Company	Company
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
20.3 Classification of loans and advances by rating				
Rating				
RR1-RR2	52,924	30,981	-	-
RR3-RR4	975,356	590,980	-	-
RR5-RR6	371,087	457,903	-	-
RR7	17,187	17,902	-	-
RR8	10,313	15,486	-	-
RR9	41,765	28,192	-	-
	1,468,632	1,141,444	-	-
20.4 Classification of loans and advances by security				
Cash	316,114	286,501	-	-
Real estate	215,960	155,779	-	-
Stocks/shares	50,994	35,127	-	-
Debentures	274,547	234,156	-	-
Other securities	513,993	376,264	-	-
Unsecured	97,024	53,617	-	-
	1,468,632	1,141,444	-	-

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

20 Loans and advances to customers - continued

		Group	Group	Company	Company
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
<i>In millions of Naira</i>					
20.5	Classification of loans and advances by sector				
	Agriculture	223,374	143,648	-	-
	Communication	29,160	31,334	-	-
	Consumer	116,507	93,462	-	-
	Education	6,774	6,094	-	-
	Finance and insurance	53,770	21,439	-	-
	Government	96,242	83,010	-	-
	Manufacturing	39,091	65,495	-	-
	Mining & quarrying	14	6	-	-
	Mortgage	2,264	2,234	-	-
	Oil and gas	381,438	367,412	-	-
	Others	212,041	134,426	-	-
	Power	55,651	30,662	-	-
	Real estate & construction	94,654	54,122	-	-
	Transportation	71,610	65,653	-	-
	Non-interest banking	86,042	42,447	-	-
		1,468,632	1,141,444	-	-
21	Investment in securities:				
	<i>Financial instruments held at fair value through profit or loss (FVTPL)</i>				
(a)	Treasury bills	61,031	19,994	-	-
	Euro bonds	8,440	3,641	-	-
	Bonds	4,655	3,764	-	-
	Promissory notes	5	92	-	-
	Total financial assets measured at FVTPL	74,131	27,491	-	-
(b)	<i>Debt instruments at fair value through other comprehensive income</i>				
	Treasury bills	382,030	240,286	-	-
	Government bonds	146,813	165,367	-	-
	Euro bonds	98,306	60,209	-	-
	Corporate bonds	19,323	18,585	-	-
	Promissory notes (other market instrument)	-	1,082	-	-
	Total debt instruments measured at FVOCI	646,472	485,529	-	-
(c)	<i>Equity instruments at fair value through other comprehensive income</i>				
	Africa Export/Import Bank	4,855	4,598	-	-
	Nigeria Interbank Settlement System Plc	12,562	16,861	-	-
	Africa Finance Corporation	17,658	13,912	-	-
	Unified Payment System	1,090	984	-	-
	Investment in AGSMEIS	4,996	3,855	-	-
	Nigeria Mortgage Refinancing Corporation	1,180	412	-	-
	SCM Capital Halal	9,852	4,225	-	-
	Health Tracka Ltd.	302	502	-	-
	SIV Limited	-	1,131	-	-
	Binkabi Ltd	1	1	-	-
	E-Purse System Ltd	1	1	-	-
	Alt School	195	442	-	-
	Tremendoc Ltd	-	1,711	-	-
	Total equity instruments at FVOCI	52,692	48,635	-	-
(d)	<i>Debt instruments at amortised cost</i>				
	Government bonds	69,331	81,274	-	-
	Treasury Bills	23,172	216	-	-
	Other market instruments	5,995	-	-	-
		98,498	81,490	-	-
	Allowance for Impairment losses	(55)	(121)	-	-
	Total debt instruments measured at amortised cost	98,443	81,369	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(e) Debt instruments measured at FVOCI

The table below shows the fair value of the Group's debt instruments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. Details of the Group's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

Group		31 December 2025			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
RR1-RR2		646,472	-	-	646,472
RR3-RR4		-	-	-	-
RR5-RR6		-	-	-	-
Total		646,472	-	-	646,472

Group		31 December 2024			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
RR1-RR2		485,529	-	-	485,529
RR3-RR4		-	-	-	-
RR5-RR6		-	-	-	-
Total		485,529	-	-	485,529

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group		31 December 2025			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2025		484,447	-	-	484,447
New assets originated or purchased*		450,877	-	-	450,877
Assets derecognised or matured (excluding write-offs)		(300,958)	-	-	(300,958)
Change in fair value		13,761	-	-	13,761
Foreign exchange adjustments		(1,655)	-	-	(1,655)
At 31 December 2025		646,472	-	-	646,472

*The analysis of changes in fair value is inclusive of movement in interest of N80.6 billion that has already been received in cash and accrued interest of N78.8 billion.

Group		31 December 2024			
<i>In millions of Naira</i>		Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2024		316,204	-	-	316,204
New assets originated or purchased		374,898	-	-	374,898
Assets derecognised or matured (excluding write-offs)		(222,962)	-	-	(222,962)
Change in fair value		(9,992)	-	-	(9,992)
Foreign exchange adjustments		26,299	-	-	26,299
At 31 December 2024		484,447	-	-	484,447

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(e) Debt instruments measured at FVOCI - continued

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group	31 December 2025			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	1,600	-	-	1,600
New assets purchased	332	-	-	332
Assets derecognised or matured (excluding write offs)	(835)	-	-	(835)
Changes to models and inputs used for ECL calculations	(144)	-	-	(144)
At 31 December 2025	953	-	-	953

Group	31 December 2024			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	1,301	-	-	1,301
New assets purchased	680	-	-	680
Assets derecognised or matured (excluding write offs)	(629)	-	-	(629)
Changes to models and inputs used for ECL calculations	248	-	-	248
At 31 December 2024	1,600	-	-	1,600

(f) Equity instruments at fair value through other comprehensive income

An analysis of changes in the fair value is as follows:

Group	31 December 2025			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2025	48,635	-	-	48,635
New assets originated or purchased	6,564	-	-	6,564
Assets derecognised (excluding write-offs)	(2,391)	-	-	(2,391)
Change in fair value	559	-	-	559
Foreign exchange adjustments	(675)	-	-	(675)
At 31 December 2025	52,692	-	-	52,692

Group	31 December 2024			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2024	36,906	-	-	36,906
New assets originated or purchased	1,227	-	-	1,227
Change in fair value	6,890	-	-	6,890
Foreign exchange adjustments	3,612	-	-	3,612
At 31 December 2024	48,635	-	-	48,635

(g) Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

Group	31 December 2025			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	98,498	-	-	98,498
Total	98,498	-	-	98,498

Group	31 December 2024			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	81,490	-	-	81,490
Total	81,490	-	-	81,490

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(g) Debt instruments measured at amortised cost - continued

Group	31 December 2025			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	82,572	-	-	82,572
New assets originated or purchased*	38,760	-	-	38,760
Assets derecognised or matured (excluding write-offs)	(22,834)	-	-	(22,834)
At 31 December 2025	98,498	-	-	98,498

* The analysis of changes in gross carrying amount is inclusive of movement in interest of N10.9 billion that has already been received in cash and accrued interest income of N10.7 billion.

Group	31 December 2024			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	131,012	-	-	131,012
New assets originated or purchased	21,503	-	-	21,503
Assets derecognised or matured (excluding write-offs)	(69,943)	-	-	(69,943)
At 31 December 2024	82,572	-	-	82,572

Group	31 December 2025			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	121	-	-	121
New assets purchased	140	-	-	140
Assets derecognised or matured (excluding write offs)	(120)	-	-	(120)
Changes to models and inputs used for ECL calculations	(86)	-	-	(86)
At 31 December 2025	55	-	-	55

Group	31 December 2024			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	282	-	-	282
New assets purchased	45	-	-	45
Assets derecognised or matured (excluding write offs)	(120)	-	-	(120)
Changes to models and inputs used for ECL calculations	(86)	-	-	(86)
At 31 December 2024	121	-	-	121

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

22 Investment in Subsidiary

Name of company	Ownership/Percentage interest	Company	Company
		31 Dec 2025 N'million	31 Dec 2024 N'million
Sterling Bank Limited	100 percent	241,586	210,519
Alternative Bank Limited	100 percent	20,000	15,000
SterlingFi Wealth Management Ltd	100 percent	300	300
		<u>261,886</u>	<u>225,819</u>

Condensed Statement of profit or loss for the Year ended 31 December 2025	Sterling Financial Holdings Group	Elimination Entries	The Alternative Bank	Sterling Bank Ltd Group	SterlingFI Wealth Management Ltd	Sterling Financial Holdings Company
<i>In millions of Naira</i>						
Interest income	367,073	(2,127)	31,972	335,359	13	1,858
Interest expense	(158,417)	2,127	(18,135)	(142,152)	-	(257)
Net interest income	208,656	-	13,837	193,207	13	1,601
Net fees and commission income	43,708	-	4,585	39,120	-	-
Net trading income	22,182	-	388	21,794	-	-
Other operating income	37,254	(8,163)	24,509	7,686	26	13,148
Operating income	311,800	(8,163)	43,319	261,807	39	14,749
Credit loss expense	(32,922)	69	(873)	(32,116)	-	-
Operating expenses	(192,102)	2,333	(28,893)	(161,215)	(259)	(4,020)
Profit for the year before tax	86,776	(5,761)	13,553	68,476	(220)	10,729
Income tax	(9,471)	-	(395)	(7,342)	-	(1,734)
Windfall tax	(971)	-	-	(971)	-	-
	<u>76,334</u>	<u>(5,761)</u>	<u>13,158</u>	<u>60,163</u>	<u>(220)</u>	<u>8,995</u>
Condensed statement of financial position As at 31 December 2025						
Assets:						
Cash and balances with Central Bank of Nigeria	761,639	-	84,123	677,516	-	-
Due from banks	472,269	(31,968)	23,196	472,238	332	8,471
Pledged assets	16,085	-	-	16,085	-	-
Loans and advances to customers	1,413,260	(6,729)	84,251	1,335,738	-	-
Investments in securities:						
- Financial assets at fair value through profit or loss	74,131	-	-	74,131	-	-
- Debt instruments at fair value through other comprehensive income	646,472	-	27,741	618,731	-	-
- Equity instruments at fair value through other comprehensive income	52,692	-	10,470	42,222	-	-
- Debt instruments at amortised cost	98,443	-	33,952	64,491	-	-
Investment in subsidiary	-	(261,886)	-	-	-	261,886
Other assets	259,934	(6,156)	92,816	160,757	7	11,864
Property, plant and equipment	69,359	-	19,239	42,493	65	7,559
Right of use asset	10,530	-	1,717	8,813	-	-
Investment property	11,658	-	11,658	-	-	-
Intangible assets	3,205	-	102	3,103	-	-
Deferred tax assets	21,965	-	8,952	13,013	-	-
TOTAL ASSETS	3,911,642	(306,739)	398,217	3,529,331	404	289,780
LIABILITIES & EQUITY						
Deposits from banks	-	-	-	-	-	-
Deposits from customers	2,984,814	(31,968)	318,016	2,698,767	-	-
Derivative financial liabilities	1,433	-	-	1,433	-	-
Current income tax payable	7,896	-	821	6,394	-	681
Other borrowed funds	231,439	(6,798)	11,206	220,233	-	-
Other liabilities	245,199	(325)	16,845	226,828	324	7,680
Provisions	2,336	-	52	2,283	-	-
Deferred tax liabilities	9,822	-	8,791	-	-	1,031
Share capital	27,345	(31,141)	10,600	20,391	300	27,345
Share premium	139,742	(146,246)	9,400	136,696	-	139,742
Retained earnings	65,887	4,239	8,875	33,304	(220)	18,801
Other components of equity	195,729	(94,500)	13,611	183,002	-	94,500
TOTAL LIABILITIES AND EQUITY	3,911,642	(306,739)	398,217	3,529,331	404	289,780

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
23 Other assets				
Financial assets				
Accounts receivable - at fair value through other comprehensive income (see note (i))	37,958	66,998	-	-
Accounts receivable - at amortised cost (see note (ii))	105,793	96,472	10,232	3,167
	143,751	163,470	10,232	3,167
Non-financial assets				
Prepayments and other debit balances	23,840	26,835	1,632	2,465
Prepaid staff cost	4,908	2,596	-	-
Commodity mudaraba stocks	72,971	27,118	-	-
Musharaka Stock	10,546	4,151	-	-
Investment-Gold Bullion	9,401	2,482	-	-
Stock of cheque books and administrative stationeries	2,923	2,877	-	-
Gross other assets	268,340	229,529	11,864	5,632
Allowance for impairment on other assets (see note (c) below)	(8,406)	(9,565)	-	-
	259,934	219,964	11,864	5,632

i. Receivables from Parthian Capitals and SAMTL Properties in respect of loans sold to the companies.

ii. The Company's receivables include N5.8 billion dividend receivable from subsidiary.

(a) **Accounts receivable - at fair value through other comprehensive income**

The table below shows the movement in fair value and ECL on the Group's receivables measured at FVOCI. The receivables are rated Stage 1.

<i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
Movement of fair value				
Fair value as at 1 January	66,998	57,567	-	-
Repayment	(32,115)	(21,257)	-	-
Change in fair value	5,589	7,068	-	-
Foreign exchange adjustments	(2,514)	23,620	-	-
At 31 December	37,958	66,998	-	-

<i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
Movement in ECL				
At 1 January	903	785	-	-
ECL (writeback)/charge	(162)	118	-	-
At 31 December	741	903	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(b) Investment - Gold Bullion <i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
i) Gold Bullion	2,482	1,828	-	-
Additions	6,141	684		
Fair value gain/(loss) on Gold Bullion	778	(30)		
Balance, at 31 December	9,401	2,482	-	-
(ii) Investment in Gold measured at (FVOCI) <i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
As at 1 January 2025	2,482	1,828	-	-
Gold purchased during the year	2,720	684		
Fair value gain/(loss)	528	(30)		
Balance, at 31 December	5,730	2,482	-	-
(iii) Investment in Gold measured at (FVTPL) <i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
As at 1 January 2025	-	-	-	-
Gold purchased during the year	3,421	-		
Fair value gain/(loss)	250	-		
Balance, at 31 December	3,671	-	-	-
(c) Movement of allowance for impairment on other assets	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
Balance, at 1 January	9,565	5,697	-	-
Charge on other assets (note 11)	(317)	3,937	-	-
Write offs	(842)	(69)	-	-
Balance, at 31 December	8,406	9,565	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24.1 Property, plant and equipment

Group

The movement during the year was as follows:

31 December 2025								
<i>In millions of Naira</i>	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work- in-progress	Total
(a) Cost								
As at 1 January 2025	1,968	4,845	4,884	13,917	19,623	5,945	24,360	75,542
Additions	599	650	441	2,387	9,379	1,268	12,769	27,493
Reclassifications	-	-	807	1,505	543	-	(11,791)	(8,936)
Disposals	-	-	(49)	(332)	(243)	(16)	-	(640)
Written off	-	(526)	(743)	(5,654)	-	-	-	(6,923)
As at 31 December 2025	<u>2,567</u>	<u>4,969</u>	<u>5,340</u>	<u>11,823</u>	<u>29,302</u>	<u>7,197</u>	<u>25,338</u>	<u>86,536</u>
(b) Accumulated depreciation and impairment								
As at 1 January 2025	236	912	1,622	4,169	8,019	3,610	-	18,568
Charge for the year	-	98	486	1,881	2,379	1,050	-	5,894
Written off	-	-	(526)	(814)	(5,640)	-	-	(6,980)
Disposals	-	-	-	(7)	(43)	(255)	-	(305)
As at 31 December 2025	<u>236</u>	<u>1,010</u>	<u>1,582</u>	<u>5,229</u>	<u>4,715</u>	<u>4,405</u>	<u>-</u>	<u>17,177</u>
Net book value								
As at 31 December 2025	<u>2,331</u>	<u>3,959</u>	<u>3,758</u>	<u>6,594</u>	<u>24,587</u>	<u>2,792</u>	<u>25,338</u>	<u>69,359</u>
As at 31 December 2024	<u>1,732</u>	<u>3,933</u>	<u>3,262</u>	<u>9,748</u>	<u>11,604</u>	<u>2,335</u>	<u>24,360</u>	<u>56,974</u>

i) Included in furniture, fittings and equipment are:

- farm mechanized equipment from the non-interest banking subsidiary (Alternative Bank). The net book value of the farm mechanized equipment stood at N1.68 billion as at December 2025 (2024: N1.89 billion).

- Renewable (solar related) assets with net book value of N3.53 billion as at December 2025 (2024: N3.66 billion).

ii) No item of property, plant and equipment was pledged as security.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24.1 Property, plant and equipment

Company

The movement during the year was as follows:

31 December 2025								
<i>In millions of Naira</i>	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work- in-progress	Total
(a) Cost								
As at 1 January 2025	-	-	-	5	20	267	30	322
Additions	-	-	-	16	6,762	-	734	7,511
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-	-
As at 31 December 2025	-	-	-	21	6,782	267	764	7,833
(b) Accumulated depreciation and impairment								
As at 1 January 2025	-	-	-	-	1	85	-	86
Charge for the year	-	-	-	2	119	67	-	188
Written off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2025	-	-	-	2	120	152	-	274
Net book value								
As at 31 December 2025	-	-	-	19	6,662	115	764	7,559
As at 31 December 2024	-	-	-	5	19	182	30	236

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24.1 Property, plant and equipment

Group

The movement on these accounts during the year was as follows:

31 December 2024								
<i>In millions of Naira</i>	Leasehold Land	Leasehold Building	Leasehold improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in- progress	Total
(a) Cost								
As at 1 January 2024	1,990	4,537	3,380	9,447	8,835	5,603	15,151	48,943
Additions	-	49	1,041	4,662	6,520	1,501	15,917	29,690
Reclassifications	88	288	752	1,024	4,471	85	(6,708)	-
Disposals	(110)	(16)	(17)	(76)	(22)	(1,244)	-	(1,485)
Written off	-	(13)	(272)	(1,140)	(181)	-	-	(1,606)
As at 31 December 2024	<u>1,968</u>	<u>4,845</u>	<u>4,884</u>	<u>13,917</u>	<u>19,623</u>	<u>5,945</u>	<u>24,360</u>	<u>75,542</u>
(b) Accumulated depreciation and impairment								
As at 1 January 2024	242	833	1,558	4,130	6,749	3,444	-	16,956
Charge for the year	-	94	347	1,215	1,467	929	-	4,052
Disposals	-	(13)	(272)	(1,113)	(177)	-	-	(1,575)
Written off	(6)	(2)	(11)	(63)	(20)	(763)	-	(865)
As at 31 December 2024	<u>236</u>	<u>912</u>	<u>1,622</u>	<u>4,169</u>	<u>8,019</u>	<u>3,610</u>	<u>-</u>	<u>18,568</u>
Net book value								
As at 31 December 2024	<u>1,732</u>	<u>3,933</u>	<u>3,262</u>	<u>9,748</u>	<u>11,604</u>	<u>2,335</u>	<u>24,360</u>	<u>56,974</u>
As at 31 December 2023	<u>1,748</u>	<u>3,704</u>	<u>1,822</u>	<u>5,317</u>	<u>2,086</u>	<u>2,159</u>	<u>15,151</u>	<u>31,987</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24.1 Property, plant and equipment

Company

The movement during the year was as follows:

31 December 2024								
<i>In millions of Naira</i>	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work- in-progress	Total
(a) Cost								
As at 1 January 2024	-	-	-	-	1	317	-	318
Additions	-	-	-	5	19	20	30	74
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(70)	-	(70)
Written off	-	-	-	-	-	-	-	-
As at 31 December 2024	-	-	-	5	20	267	30	322
(b) Accumulated depreciation and impairment								
As at 1 January 2024	-	-	-	-	-	22	-	22
Charge for the year	-	-	-	-	1	79	-	80
Written off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(16)	-	(16)
As at 31 December 2024	-	-	-	-	1	85	-	86
Net book value								
As at 31 December 2024	-	-	-	5	19	182	30	236
As at 31 December 2023	-	-	-	-	1	295	-	296

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>		Group	Group	Company	Company
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
24.2	Right-of-use asset				
	Building				
(a)	At 1 January	12,106	9,103	-	-
	Additions during the year	1,686	4,047	-	-
	Lease remeasurement	(1,959)	(11)	-	-
	Depreciation charge	(1,303)	(1,033)	-	-
	At 31 December	10,530	12,106	-	-
<i>In millions of Naira</i>		Group	Group	Company	Company
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
25	Investment property				
(a)	Cost				
	At 1 January	4,265	5,087	-	-
	Additions	159	258	-	-
	Reclassification	8,936	-	-	-
	Disposal	(1,492)	(1,080)	-	-
	At 31 December	11,868	4,265	-	-
(b)	Accumulated depreciation and impairment				
	At 1 January	229	297	-	-
	Depreciation	69	40	-	-
	Disposal	(88)	(108)	-	-
	At 31 December	210	229	-	-
	Net Book Value	11,658	4,036	-	-

Fair value of investment property	Level 1	Level 2	Level 3
At 31 December, 2025	-	-	11,868
Fair value of investment property	Level 1	Level 2	Level 3
At 31 December, 2024	-	-	6,864

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

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

The fair value of the Bank's investment property at 31 December 2025 was determined by independent, appropriately qualified external valuer - Oladapo Olaiya (FRC/2013/NIESV/00000004238) of Dapo Olaiya Consulting (FRC/2013/000000000569). The entity maintains a valuation policy of three years (3 year) life in its investment properties assets in line with the policy of the bank. The total valuation amount stood at N11.9b.

The method of valuation adopted is the sales comparism and investment method.

The investment property is driven by the Non-interest banking subsidiary of the Group in line with the provisions of IAS 40 and the Central Bank of Nigeria guidelines.

<i>In millions of Naira</i>	Group	Group	Company	Company
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Rental income from investment property	21	116	-	-
Direct operating expenses	(1)	(40)	-	-
	20	76	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
26				
	Intangible assets			
(a)	Cost - Software			
	4,751	5,453	-	-
	At 1 January		-	-
	893	3,042	-	-
	Additions		-	-
	(117)	(3,744)	-	-
	Write off		-	-
	5,527	4,751	-	-
	Balance end of year		-	-
(b)	Accumulated amortisation and impairment - Software			
	1,488	4,732	-	-
	Beginning of year		-	-
	951	500	-	-
	Amortisation for the year		-	-
	(117)	(3,744)	-	-
	Write off		-	-
	2,322	1,488	-	-
	Balance end of year		-	-
	Net book value		-	-
	3,205	3,263	-	-
	Balance as at 31 December		-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group	Group	Company	Company
<i>In millions of Naira</i>	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
27				
Deposits from banks				
Money market takings	-	16,512	-	-
Due to local banks	-	32,852	-	-
	-	49,364	-	-
28				
Deposits from customers				
Current accounts	1,858,442	1,494,999	-	-
Savings accounts	477,285	397,863	-	-
Term deposits	457,332	508,178	-	-
Mudarabah investment accounts*	122,696	65,415	-	-
Pledged deposits	69,059	52,057	-	-
	2,984,814	2,518,512	-	-

Pledged deposits represent contracted cash deposits with the Group that are held as security for loans granted to customers by the Group.

* The Group's non-interest banking subsidiary (Alternative Banl) operates the unrestricted type of Mudaraba Investment, in which the Mudarib (the Bank) is authorized by the providers of Funds (Rabb-ul -Mal) to invest their funds in the manner which the Mudarib deems appropriate. Profits are shared as a common percentage rate rather than a fixed amount.

	Group	Group	Company	Company
<i>In millions of Naira</i>	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
29				
Other borrowed funds				
Due to CBN-Agric-Fund (see (28(i)))	19,870	32,336	-	-
Due to Africa Agric and Trade Investment Fund (see (29(ii)))	14,369	19,323	-	-
Due to CBN-State ECA secured loans (see (29 (iii)))	11,293	11,679	-	-
Due to Blue Orchard (see (29(iv)))	18,491	20,410	-	-
Due to ECOWAS Bank for Investment and Development (see (29(v)))	31,304	48,474	-	-
Due to ECOWAS Bank for Investment and Development (see (29(vi)))	74,315	-	-	-
Due to International Finance Corporation (29(vii))	14,431	-	-	-
Due to Islamic Corporation (see (29(viii)))	11,190	28,527	-	-
Due To Nigeria Mortgage Refinance Company (see (29(ix)))	1,038	1,059	-	-
Due to Master Card Foundation (MCF) (see (29(x)))	-	33,891	-	-
Due to CBN - RSSF Fund (see (29 (xi)))	799	2,753	-	-
Due to CBN - NESF Fund (see(29 (xii)))	677	1,011	-	-
Due to BOI (see (29 (xiii)))	1,584	1,647	-	-
Due to BOI - MSME Intervention Fund (see (29 (xiv)))	4,848	-	-	-
Due to Development Bank of Nigeria (see (29 (xv)))	-	12,724	-	-
Due to Development Bank of Nigeria (see (29 (xvi)))	27,230	-	-	-
	231,439	213,834	-	-
Movement on other borrowed funds:				
At 1 January	213,834	208,685	-	-
Additions during the year	119,914	25,800	-	-
Repayments during the year	(63,121)	(73,317)	-	-
Reclassified to other liabilities	(31,505)	-	-	-
Accrued interest	17,613	28,058	257	-
Interest paid	(17,068)	(34,314)	(257)	-
Foreign exchange difference	(8,228)	58,922	-	-
At 31 December	231,439	213,834	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

29 **Other borrowed funds - continued**29(i) **Due to CBN-Agric Fund**

Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agricultural Credit Scheme, (CACS) to promote commercial agricultural enterprise in Nigeria. The Group's subsidiary - Sterling Bank Ltd obtained the loan on behalf of the customer at 2% to lend to the customer at 9% inclusive of management and processing fee. Repayment proceeds from CACS projects are repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on September 30, 2025.

29(ii) **Africa Agriculture and Trade Investment Fund**

This represents the outstanding balance on the \$15 million credit facility granted to Sterling Bank by Africa Agriculture and Trade Investment Fund payable in 6 years in 11 installments commencing September 2023. Interest is payable quarterly at the rate of 7.75%. The facility will mature in March 2029.

29(iii) **Due to CBN-State ECA secured loans**

This is a facility granted as a result of the decision made during the June 2015 National Economic Council (NEC) meeting for deposit money banks to extend concessionary loans to state governments using the balance in the Excess Crude Account (ECA) as collateral. Osun and Kwara State Governments indicated their willingness to work with Sterling Bank Ltd on the transaction. The Osun State Government applied for N10 billion while Kwara State Government applied for N5 billion. The facility was approved at the June 2015 National Economic Council meeting. The purpose of the loan is for developmental and infrastructure projects in the States. CBN is granting the loan to the the States at 9% annually for 20 years.

29(iv) **Due to Blue Orchard**

This represents Naira equivalent of \$25.5 million multi-credit on-lending facility from BlueOrchard Finance Ltd granted in March 2022. The purpose of the facility is to support and expand the Sterling Bank's financial intervention in the HEART (Health, Education, Agriculture, Renewable Energy and Transportation) sectors and MSMEs. The loan is for a period of 5 years and is priced at 6 months SOFR plus a margin of 545 basis points.

29(v) **Due to ECOWAS Bank for Investment and Development**

This represents Naira equivalent of \$50 million on-lending facility from ECOWAS Bank for Investment and Development granted in December 2022. The purpose of the facility is to support lending to Corporate and SMEs within the Sterling Bank's focus HEART (Health, Education, Agriculture, Renewable Energy and Transportation) sectors. The loan is for a period of 5 years and attracts 7% interest rate.

29(vi) **Due to ECOWAS Bank for Investment and Development**

This represents additional disbursement of \$50 million from ECOWAS Bank for Investment and Development in June 2025. The facility is to repaid in 8 equal installment over a period of 5 years and attracts 7.75% interest rate.

29(vii) **Due to International Finance Corporation**

This represents Naira equivalent of \$10 million Global Warehousing Financing Program facility granted to Sterling Bank by International Finance Corporation in November 2025. The purpose of the facility is to support the Bank's lending program to eligible agribusiness sub-borrowers in Nigeria. The loan is renewable annually for a maximum period of 3 years and attracts interest rate of 6months SOFR plus 3%.

29(viii) **Due to Islamic Corporation**

This represents Naira equivalent of \$25 million amortising Murabaha financing facilities granted in June 2021 by Islamic Corporation for the development of the private sector expiring in June 2026. The facility is at a margin of 6.21%.

29(ix) **Due to Nigeria Mortgage Refinance Company Plc.**

This represents a loan agreement between the banking subsidiaries and Nigeria Mortgage Refinance Company Plc (NMRC) for NMRC to refinance from time to time Mortgage Loans originated by Sterling Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The agreement covers three facilities obtained in 2016 and 2018 at an interest rate of 15.5% & 14.5% per annum to mature on 7 May 2028, 7 August 2031 and 7 August 2034 respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

29 **Other borrowed funds - continued**29(x) **Due to Master Card Foundation (MCF)**

This represents Naira equivalent of \$15.5 million from Master Card Foundation (MCF). It is a blended lending programme (MCF 65%, Sterling 35%) to MSMEs to help them withstand and respond to short term impacts of the COVID-19 pandemic, while strengthening resilience in the Agricultural sector. The agreed period for the scheme is 24 months in the first instance but with renewal option/fund utilization for charitable projects by MCF. The facility attracts a margin of 9%.

In 2021, the Bank received additional disbursement of \$6.4 million from Master Card Foundation (MCF). The agreed period for the scheme is 48 months. The programme ended in September 2025.

29(xi) **Due to CBN - Real Sector Support Facility (RSSF) Fund**

The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, value added productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The Facility will be used to support large enterprises for start-ups and expansion financing needs of N500 million up to a maximum of N10.0 billion. The loan tenor is 10 years with moratorium and at all in rate of 9% per annum.

29(xii) **Due to CBN - Non-Oil Support Export Stimulation Facility (NESF) Fund**

Non-Oil Support Export Stimulation Facility (NESF) is designed to redress the declining export credit and reposition the sector to increase its contribution to revenue generation and economic development. It is designed to be accessed by exporters at a single digit of 9% and maximum obligor limit of N5billion. It aims at improving export financing and additional opportunities for exporters to upscale and expand their businesses in improving their competitiveness.

29(xiii) **Due to Bank of Industry (BOI).**

This represents the outstanding balance on the funding granted by BOI under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) . The SMERRF is administered at an all-in interest rate of 10% per annum payable on a monthly basis, one-off fee 2% and monitoring fee of 0.125% payable on quarterly basis. The tenor of the facilities range between 5 years to 7 years.

29(xiv) **Due to Bank of Industry (BOI) - MSME Intervention Fund.**

This represents the outstanding balance on the funding granted by BOI under the Federal Government of Nigeria's Micro, Small and Medium Enterprises (MSME) Intervention Fund. The purpose of the facility is to support qualifying micro, small and medium enterprises. The facility is to repaid in 33 equal installment over a period of 3 years and attracts no interest.

29(xv) **Due to Development Bank of Nigeria (DBN).**

This represents the carrying amount of the N15 billion facility from DBN granted in November 2023. The purpose of the facility is to support qualifying micro, small and medium enterprises. The loan is for a period of 6 months at an interest rate of 11% per annum. The facility matured in May 2024 and was fully repaid.

29(xvi) **Due to Development Bank of Nigeria (DBN).**

This represents the carrying amount of the N25 billion facility from DBN granted in May 2024. The purpose of the facility is to support qualifying micro, small and medium enterprises. The loan is for a period of 12 months at an interest rate of 20.5% per annum.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

<i>In millions of Naira</i>	Group	Group	Company	Company
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
30 Debt securities issued				
16.25% Debt securities carried at amortised cost (See (i) below)	-	34,056	-	-
Movements in debt securities issued				
At 1 January	34,056	33,959	-	-
Repayment	(32,899)	-	-	-
Accrued interest	4,122	5,013	-	-
Interest paid	(5,279)	(4,916)	-	-
At 31 December	-	34,056	-	-

i This represents a N32.899 billion 7-year 16.25% subordinated unsecured non-convertible debenture stock issued by the Sterling Investment Management SPV Plc - a wholly owned subsidiary of Sterling Bank Ltd, and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2025. The effective interest rate is 16.887% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.

<i>In millions of Naira</i>	Group	Group	Company	Company
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
31.1 Other liabilities				
Other credit balances (see 31.1.1)	100,751	67,995	-	568
Customers' deposits for foreign trade	52,143	266,750	-	-
Lease liability (see 31.1.2)	1,331	1,800	-	-
Certified cheques	2,651	2,199	-	-
Defined contribution obligations	9	-	-	-
Creditors and accruals	86,367	53,665	793	66
Term borrowing	-	-	6,798	-
Windfall levy	971	3,683	-	-
Information technology levy	771	527	89	83
Police trust fund levy	-	3	-	-
National Agency for Science and Engineering Infrastructure levy	205	105	-	-
Total Other Liabilities	245,199	396,727	7,680	717

31.1.1 Other credit balances includes mostly bond proceed collection, due to mastercard, e-payment till and long outstanding draft. It also includes upfront fees on financial guarantee contract such as Advance Payment Guarantee and Bid bond, etc. The upfront fees are amortised using the maturity date of the contracts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31.1.2	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
<i>In millions of Naira</i>				
Lease liability				
As at 1 January	1,800	134	-	-
Additions	545	1,456	-	-
Lease expense	45	249	-	-
Interest on lease liability/lease liability expense	30	10	-	-
Lease remeasurement	(446)	(13)	-	-
Payments	(643)	(36)	-	-
As at 31 December	1,331	1,800	-	-

*Interest on lease liability is included in interest expense using effective interest rate (note 7).

Maturity analysis of lease liability -2025	Less than 3 months	3-12 months	1 - 5 years	Total
<i>In millions of Naira</i>				
	87	119	1,141	1,347

Maturity analysis of lease liability - 2024	Less than 3 months	3-12 months	1 - 5 years	Total
<i>In millions of Naira</i>				
	226	1,588	103	1,917

31.2	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
<i>In millions of Naira</i>				
Provisions				
Provisions for litigations and claims*	217	198	-	-
Provision for guarantees and letters of credit	2,119	378	-	-
	2,336	576	-	-
At 1 January	576	724	-	-
Addition/(reversal) of provision	1,760	(148)	-	-
At 31 December	2,336	576	-	-

* Provision for litigations: This is provision for litigations and claims against the Group as at 31 December 2025. These claims arose in the normal course of business and are being contested by the Group. The Directors, having sought advice of professional counsels, are of the opinion that this provision is adequate for liability that have crystalized from these claims. There is no expected reimbursement in respect of this provision.

32.1	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
<i>In millions of Naira</i>				
Share capital and equity reserves				
<i>Share capital</i>				
(a) Authorised:				
54.69 billion (2024: 45.46 billion) Ordinary shares of 50k each	27,345	22,729	27,345	22,729
(b) Issued and fully-paid:				
54.69 billion (2024: 45.46 billion) Ordinary shares of 50k each	27,345	22,729	27,345	22,729

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(i) Ordinary shareholding:

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at meeting of the Company. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Company.

	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
(ii) Movement in issued and fully paid share capital in million naira				
At 1 January	22,729	14,395	22,729	14,395
Addition	4,616	8,334	4,616	8,334
At 31 December	27,345	22,729	27,345	22,729
Movement in nominal share capital in units				
At 1 January	45,457	28,790	45,457	28,790
Addition	9,233	16,667	9,233	16,667
At 31 December	54,690	45,457	54,690	45,457
(iii) Movement in share premium in million naira				
At 1 January	108,292	42,759	108,292	42,759
Addition	31,450	65,533	31,450	65,533
At 31 December	139,742	108,292	139,742	108,292

In 2025, the Company recognised 9,333 million units of shares issued by way of Right Issue and Special Placement. The share issues were duly approved by the Central Bank of Nigeria and the Securities & Exchange Commission.

33.1 Dividends

The Directors did not propose any dividend for 2025 financial year.

In 2025, the Directors declared and paid dividends of N9.38 billion (18k per share) in respect of 2024 results.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34 Other components of equity**a. Statutory reserve**

Nigerian banking regulations require the Group's banking subsidiaries to make an annual appropriation to a statutory reserve. As stipulated by Section 15(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

b. Share capital reserve

The share capital reserve resulted from the shares reconstruction carried out by Sterling Bank in June 2006. The N5.276 billion in the reserve represents the surplus nominal value of the reconstructed shares.

c. AGSMEIS reserve

The Bankers' committee at its 331st meeting held on 9 February 2017 approved the Agric-Buisness, Small and Medium Investment Scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/Small and Medium Enterprises (SMEs). All deposit money banks are required to set aside 5% of Profit After Tax (PAT) annually after their financial statements have been audited by external auditors and approved by Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

d. Regulatory risk reserve

For banking subsidiaries, the Central Bank of Nigeria stipulates that impairment allowance of financial assets and off balance sheet accounts shall be determined based on the requirements of International Financial Reporting Standards ("IFRS"). The IFRS impairment allowance should be compared with provisions determined under Prudential Guidelines and the difference in Retained Earnings should be treated as follows:

- Where Prudential impairment provision is greater than IFRS impairment provision; transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

- Where Prudential impairment provision is less than IFRS impairment provision; the excess charges resulting should be transferred from the Regulatory Risk Reserve account to the Retained Earnings to the extent of the non-distributable reserve previously recognized.

e. SMEEIS reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of their profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The Group has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN.

f. PPPRA reserve

This reserve pertaining to Sterling Bank Ltd was created to track the regulatory treatment of the Central Bank of Nigeria (CBN) directive on the amortisation of the accrued interest on PPPRA facilities over a 5-year period (2019 to 2023). The balance in this reserve represents unamortised portion of the accrued interest which will be transferred to retained earnings over the amortisation period. The balance was fully amortised in December 2023.

g. Re-organisation Reserve

This represents the difference between the carrying value of shares of erstwhile Sterling Bank Plc (N151.5billion) as at date of re-organization and the cost of shares (share capital and share premium) exchanged (N57.13 billion).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35 Commitments and Contingencies**a. Litigations and claims**

There are 107 (2024: 92) litigations and claims against the Group as at 31 December 2025. The total amount claimed against the Group is N57.4billion (2024: N44.5billion). These claims arose in the normal course of business and are being contested by the Group. The Directors, having sought advice of professional counsels, are of the opinion that no significant liability will crystallise from these claims. Provisions of N217 million at 31 December 2025 (2024: N198 million) have been made in these financial statements on crystallised claims, refer to note 31.2.

We confirm that information regarding our litigation was shared with the external auditors during the audit exercise. The auditors, in turn, independently circularized our lawyers to validate the status of the portfolio. We believe this confirms the status of our disputes.

As of the date of this letter, we have not received any notice of breach of covenants or knowingly or willfully breached covenants in our contracts with third parties.

35 (b) Contingent liabilities and commitments

The Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

Nature of instruments:

To meet the financial needs of customers, the Group enters into various commitments and contingent liabilities. These consist of financial guarantees and letters of credits. These obligations are not recognised on the statement of financial position because the risk has not crystallised and we have not identified any factor to suggest the probability that the risk will crystallise.

Letters of credit and guarantees commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off- financial position risk:

<i>In millions of Naira</i>	Group		Company	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Bonds, guarantees and indemnities	444,813	189,996	-	-
Letters of credit	136,103	96,119	-	-
Performance bonds	31,122	66,434	-	-
	<u>612,038</u>	<u>352,549</u>	<u>-</u>	<u>-</u>

Above balances represent contingent liabilities for which the customers have not defaulted. As stated in note 2.2.12, any portion that is due for which the Group has become liable are recognised in Other Liabilities (Note 31).

Impairment losses on guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

(i) Financial guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

31 December 2025 Group

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	444,813	-	-	444,813
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
Total	444,813	-	-	444,813

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35 (b) Contingent liabilities and commitments - continued

Financial guarantees - continued

31 December 2024 Group

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	189,996	-	-	189,996
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
Total	189,996	-	-	189,996

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

<i>In millions of Naira Group</i>	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 January 2025	189,996	-	-	189,996
New exposures	335,185	-	-	335,185
Exposure derecognised or matured/lapsed (excluding write offs)	(80,172)	-	-	(80,172)
Foreign exchange adjustments	(196)	-	-	(196)
At 31 December 2025	444,813	-	-	444,813

<i>In millions of Naira Group</i>	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 January 2024	168,437	-	-	168,437
New exposures	128,259	-	-	128,259
Exposure derecognised or matured/lapsed (excluding write offs)	(113,249)	-	-	(113,249)
Foreign exchange adjustments	6,549	-	-	6,549
At 31 December 2024	189,996	-	-	189,996

<i>In millions of Naira Group</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	378	-	-	378
New exposures	1,974	-	-	1,974
Exposure derecognised or matured (excluding write offs)	(302)	-	-	(302)
At 31 December 2025	2,050	-	-	2,050

<i>In millions of Naira Group</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	537	-	-	537
New exposures	147	-	-	147
Exposure derecognised or matured (excluding write offs)	(306)	-	-	(306)
At 31 December 2024	378	-	-	378

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35 (b) Contingent liabilities and commitments - continued

(ii) Letters of credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

<i>In millions of Naira Group</i>	2025			Total
	Stage 1	Stage 2	Stage 3	
Internal rating grade				
RR1-RR2	136,103	-	-	136,103
RR3-RR4	-	-	-	-
Total	136,103	-	-	136,103

<i>In millions of Naira Group</i>	2024			Total
	Stage 1	Stage 2	Stage 3	
Internal rating grade				
RR1-RR2	96,119	-	-	96,119
RR3-RR4	-	-	-	-
Total	96,119	-	-	96,119

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 January 2025	96,119	-	-	96,119
New exposures	125,091	-	-	125,091
Exposure derecognised or matured/lapsed (excluding write offs)	(85,095)	-	-	(85,095)
Foreign exchange adjustments	(12)	-	-	(12)
At 31 December 2025	136,103	-	-	136,103

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 January 2024	180,777	-	-	180,777
New exposures	-	-	-	-
Exposure derecognised or matured/lapsed (excluding write offs)	(138,093)	-	-	(138,093)
Foreign exchange adjustments	53,435	-	-	53,435
At 31 December 2024	96,119	-	-	96,119

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	-	-	-	-
New exposures	69	-	-	69
Exposure derecognised or matured (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2025	69	-	-	69

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(ii) Letters of credit - continued

<i>In millions of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	1	-	-	1
New exposures	-	-	-	-
Exposure derecognised or matured (excluding write offs)	(1)	-	-	(1)
At 31 December 2024	-	-	-	-

36 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel among others.

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
(i) Transactions with the related parties				
Loans and advances			-	
a. Secured loans and advances (see 36b)	986	856	-	-
b. Contingent liabilities (see 36b)	80	70	-	-
c. Transactions and balances with Subsidiaries				
Other assets (Account receivable)	-	-	-	-
Due from banks	-	-	8,471	14,735
Other liabilities (Account payable)	-	-	508	508
Interest income	-	-	1,858	1,120
Dividend income from subsidiaries	-	-	5,830	7,567
Other sundry income	-	-	2,336	889

(ii) Transactions with key management personnel

Key management personnel has been defined as the executive directors and non-executive directors of the Group. Key management personnel and their close family members engaged in the following transactions with the Group during the year:

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
Secured loans and advances	459	451	-	-
Deposit liabilities (related parties and key management personnel)	14,880	37,649	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36 Related party transactions - continued

(iii) Compensation of key management personnel:

The amounts disclosed in the table below are the amounts recognised as an expense during the year related to key executive directors.

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
Short-term benefits (wages and salaries)	180	154	99	77
Post-employment benefits (pension contributions)	17	14	9	7
	<u>197</u>	<u>168</u>	<u>108</u>	<u>84</u>

(iv) Directors' remuneration below relates to payment made to non-executive directors and charged as expense during the year. The non-executive directors do not receive pension entitlements from the Group.

<i>In millions of Naira</i>	Group 2025	Group 2024	Company 2025	Company 2024
Directors' remuneration				
Fees as directors	1,276	653	191	157
Other emoluments	153	206	36	34
	<u>1,429</u>	<u>859</u>	<u>227</u>	<u>191</u>

(v) Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are secured. For the year ended 31 December 2025, the related parties facilities are performing and the Group has not made any provision for impairment on the facilities. (2024: Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36b Insider Related Credits

Insider Related Credits are disclosed below in accordance to Central Bank of Nigeria Circular BSD/1/2004

The Group granted various credit facilities meeting the definition of insider-related credits at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of **N833 million** (2024: N833 million) relating to the Directors and some employees were outstanding on these facilities at the end of the period/year.

31 December 2025

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
GLOBALMIX CAPITAL LTD.	Related to a Director	Asue Ighodalo	27-Jun-24	27-Jun-26	955	955	Performing	Legal Mortgage	TERM LOAN
MICHAEL ONOCHIE AJUKWU	Independent Director	MICHAEL ONOCHIE AJUKWU	07-May-24	31-May-29	58	25	Performing	Otherwise Secured	VISA INFINITE CREDIT C
ASUE IGHODALO	Independent Director	Asue Ighodalo	02-May-23	31-May-28	108	6	Performing	Otherwise Secured	VISA INFINITE CREDIT C
TIJANI TAIRAT BOLANLE	Non-executive Director	Tairat Tijani	12-Aug-25	31-Aug-30	2	0	Performing	Otherwise Secured	VISA INFINITE CREDIT CARD
TOTAL					1,123	986			

Letter of credit and bond guarantees.

31 December 2025

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
RITE FOODS LIMITED	Related to a Director	Tairat Tijani	19-Nov-25	18-Nov-26	80	80	Performing	Otherwise secured	Bank Guarantee
TOTAL - CONTINGENT (Letters of credit and bond guarantees)					80	80			

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36b Insider Related Credits - Continued

31 December 2024

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
Globalmix Capital Ltd.	Related to An ex-Director	Asue Ighodalo	30-Aug-24	27-Jun-26	683	683	Performing	Legal Mortgage	Term Loan
Michael Onochie Ajukwu	Independent Director	Michael Onochie Ajukwu	07-May-24	31-May-29	62	19	Performing	Otherwise Secured	Credit Card
Commercial Staff Loans of AGMs a	Employees	Employees	NA	NA	213	154	Performing	Lien on entitlements/indemnity	Term Loan/Other Loans
TOTAL					958	856			

Letter of credit and guarantees

31 December 2024

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
Rite Foods Limited	Related to a Director	Tairat Tijani	18-Nov-24	17-Nov-25	70	70	Performing	Otherwise secured	Bank Guarantee
TOTAL - CONTINGENT (Letters of credit and bond guarantees)					70	70			

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

37 Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Group and the Company as at 31 December 2025 and profit or loss and other comprehensive income attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

<i>In millions of Naira</i>	Group 31 Dec 2025	Group 31 Dec 2024	Company 31 Dec 2025	Company 31 Dec 2024
38 Cash and cash equivalents				
Cash and foreign monies (Note 16)	30,625	28,453	-	-
Unrestricted balances with Central Bank of Nigeria (Note 16)	12,187	61,585	-	-
Balances held with local banks (Note 17)	7,652	6	8,471	14,735
Balances held with banks outside Nigeria (Note 17)	442,418	557,625	-	-
Money market placements (Note 17)	22,199	11,824	-	-
	515,081	659,493	8,471	14,735

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management

(a) Introduction and overview

Risks are inherent in the lending, trading and all other intermediation activities of the Group. In managing these risks, the Group has adopted an Enterprise Risk Management philosophy of building a sound, safe and stable financial institution through the efficient management of risks. In achieving this, the Group has adopted a standard template and common methodology for risk identification, measurement, management and control.

The Group is exposed to various risks including Credit Risk, Liquidity Risk, Market Risk and Operational Risk in the trading book and banking book. The Group has put in place approved policies, procedures and guidelines for identifying, measuring, managing and controlling these risks.

Risk management framework

The Group's risk management framework consists of the governance structure, policies, strategy, processes and techniques for the management of risks faced by the Group. The risk governance structure is modelled according to the three lines of defense. The Board and its committees oversee the risk management framework and approve the corresponding risk management policies and strategies. Senior management provides oversight across the Group to ensure that all material risks are properly identified, measured, mitigated and monitored in order to minimize the impact of adverse events. The Group Chief Risk Officer (GCRO) coordinates the process of monitoring and reporting identified risks. The Risk Management division is complemented by Finance and Performance Management function, Compliance and Strategy function and the Internal Control function in the management of strategic, regulatory compliance and reputational risks. Internal Audit function provides assurance to Management and Board that instituted controls are effective in mitigating identified and emerging risks.

To achieve its risk management objectives, the Group has a risk management framework that comprises the following elements:

- Risk management objectives and philosophy
- Governance structure
- Roles and responsibilities for managing risks
- Risk management process

Three Lines of Defense

The philosophy of three lines defense have been adopted in the Group for proactive and efficient identification and management of risks inherent in the Group's activities, processes, system, products and external events as follows:

First line of defence – Strategic Business Functions

This consists of business units and line functions with primary responsibilities for risk management. The first line of defense includes business owners who execute transactions in the Group with the following risk management responsibilities;

- Identify emerging risks at the transaction/business unit level and conduct material risk assessments, at least annually;
- Imbibe risk culture in order to align risk management with business objectives; and
- Implement controls to reduce the likelihood and impact of risks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****Second line of defense – Independent Risk and Control Oversight**

This consists of functions responsible for providing independent oversight over key risks like credit, market, liquidity and operational risk and facilitating the implementation of risk controls to ensure that the business and process owners operate within the defined risk appetite and align with approved policies and procedures. They formulate risk management policies, processes and controls, provide guidance and coordination of activities of all other monitoring functions within the Group and identify enterprise trends, synergies and opportunities for change.

Third line of defense – Independent Assurance

This consists of all functions with primary responsibilities for evaluating and providing independent assurance on the adequacy, appropriateness and effectiveness of the risk management process and policy. This function is performed by internal and external audit.

(b) Risk Management Structure

The responsibility for management of risk exposure of the Group rests with the Board, this responsibility is delegated to various committees of the Board.

The Board Audit and Risk Management Committee (BARMC) is designated with the responsibility of managing the overall risk exposure of the Group. The Committee reviews and recommends risk management policies and procedures for Board approval.

The Board Credit Committees (BCCs) acts on behalf of the Board of Directors on all credit matters. It considers and approves lending exposures, treasury investments exposures, as well as other credit exposures that exceed the mandated approval limit of the Management.

The Management Risk Committee (MRC) is responsible for planning and management of the Group's overall risk profile; including the determination of the Group's risk philosophy, appetite, limits and policies.

The Management Credit Committee (MCC) is vested with the responsibility of credit policy articulation and credit approval that falls within the mandated approval limit. It reviews and recommends credit policy direction to the BCC.

The Assets and Liability Committee ensures that the Group has adequate liquidity to meet the funding need of the Group, and also manages the interest rate and foreign exchange risk of the Group. The Committee also reviews the economic outlook and its likely impact on the Group's current and future performance.

The Criticised Assets Committee (CAC) reviews the non-performing loans and recommends strategies for recovery of bad loans. The Committee also reviews the Group's loan portfolio and validates collateral documentation.

The Enterprise Risk Management Group is saddled with the responsibility of implementing and supervising all risk management policies, guidelines and procedures.

The Conduct and Compliance function monitors compliance with risk principles, policies and limits across the Group. Exceptions are reported on a daily basis to the management and appropriate action are taken to address the threats.

The Internal Audit function, as part of its annual audit programme, examines the adequacy and level of compliance with the procedures. Result of assessments, findings and recommendations are discussed with the relevant departments, and reported to the Board Audit and Risk Committee.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(c) Risk measurement and reporting systems

Quantitative and qualitative assessment of credit risks is carried out through a rigorous internal ratings system. The Group also carries out scenario analysis as stated in the Group's credit policy guide and stress testing to identify potential exposures under stressed market situations.

Monitoring and controlling of risk is done by ensuring that limits established are strictly complied with and that such limit reflects both the quantitative and qualitative risk appetite of the Group. Particular emphasis is placed on the Risk Acceptance Criteria (RAC). Furthermore, the Group's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Risk Information compiled from all business activities of the Group is analyzed and processed on a timely basis for informed management decision. The Board Audit and Risk Committee is updated on the risk profile of the Group through regular risk reports.

(d) Risk Mitigation

The Group has in place a set of management actions to prevent or mitigate the impact of business risks on earnings. Business risk monitoring, through regular reports and oversight, results in corrective actions to plans and ensure reductions in exposures where necessary. Credit control and mitigation policies are also in place. Collateral policies are designed to ensure that the Group's exposure is secured, and to minimize the risk of credit losses to the Group in the event of decline in quality or delinquency of assets.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG). These include;

- a. Acceptable collateral for each credit product;
- b. Required documentation/perfection of collaterals;
- c. Conditions for waiver of collateral requirement and approval of collateral waiver; and
- d. Acceptance of cash and other forms of collateral denominated in foreign currency.

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

(e) Risk Appetite

The Group's risk appetite is an expression of the maximum level of risk the Group is willing and able to accept in pursuit of its strategic and financial objectives expressed in the strategic plan.

The risk appetite statement expresses the degree of risk acceptable to the group in achieving its strategic plan. The group shall consider the following in defining the Risk Appetite Statement:

- Strategic Objectives
- Management perspective
- Economic conditions
- Stakeholders expectations
- Target benchmarking
- Regulatory threshold

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

The methodology described below is used in updating the Group's risk appetite framework.

**(f) Concentration Risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid concentration risk, credit concentration limits are set and monitored along industries and sectors, geography, collaterals and products. The ultimate objective of managing credit portfolio concentration risk is to ensure proper diversification of the risk assets portfolio. Concentration limits are also in place to manage Investment Portfolio and customer deposit concentration in the management of liquidity risk.

(g) Credit Risk Management

The Group's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the Group is based on a formal governance structure with systemic reporting processes within a well-defined control environment.

The Group's risk policy allows its personnel take initiatives and responsibility towards proactive identification of risks in products and services delivered to the market.

The Group's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still make sufficient profit.

Credit risks are examined for all credit-related transactions including investments and trading transactions. Credit risks are examined and managed for unfunded loan commitments in addition to funded loans and leases.

(h) Risk Management Architecture

Risks are managed such that the risk profile and the Group's reputation are aligned with the Group's objective of conservative risk appetite, balanced against a desire for reasonable returns.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****(i) Organization Structure**

Sterling Bank is a national bank having divested its subsidiaries and affiliates following receipt of its new national commercial banking license in 2011 financial year. Sterling Bank has restructured its business activities along business lines with primary focus on the following market segments:

- Corporate and Investment Banking
- Commercial Banking
- Institutional Banking
- Retail and Consumer Banking
- Non Interest Banking - The Alternative Bank Ltd
- Sterling Investment Management Plc

Corporate and Investment Banking – The Corporate and Investment Banking Group provides services to corporate entities with annual turnover greater than N5 billion. The target market covers the following sectors: oil and gas, public sector, manufacturing, power and utilities, telecommunications and financial institutions.

Commercial Banking –. The Commercial Banking Group provides services to businesses with turnover above N600 million and below N5 Billion.

Institutional Banking - The Institutional Banking business covers government related institutions which include Federal Government ministries, departments, agencies; states and local governments.

The Retail Banking – Retail Banking Group serves individuals consisting of mass market, affluent, youths and high net worth. The Retail Banking Group customer segmentation consist of:

- High net-worth individuals who earn N30 million (thirty million naira) and above annually or have net investable assets of \$150,000 (one hundred and fifty thousand US dollars) and above
- Mass affluent professionals who earn between N6 million (six million naira) and N30million (thirty million naira) annually
- Mass market professionals who earn less than N6 million (six million naira) annually
- Youth below 25 years of age

The Bank's product include: savings accounts, current accounts, fixed deposit accounts, e-banking, local and international funds transfer, trade finance, project finance, mortgage finance, bankers' acceptances and commercial paper.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued**

- Enterprise Risk Management
- Internal Audit
- Strategy and Innovation
- Brand Marketing & Communication
- Finance and Performance Management
- General Internal Services
- Human Capital Management
- Channel Operations
- Trade Services
- Information Technology
- Customer Experience Management
- Legal and Company Secretariat
- Conduct & Compliance
- Centralised Processing Centre
- Health, Safety and Environment
- Enterprise Quality Assurance

Non-Interest Banking: The Aternative Bank Ltd, a subsidiary of Sterling Financial Holdings Company, provides solutions that are consistent with Islamic laws and guided by Islamic economics. Non-Interest Banking is an alternative form of financial intermediation that is based on Islamic commercial jurisprudence. However, it is not exclusively for people of particular faith or religion, it is a financial product or service that is universally accessible by people of diverse religious or ethical beliefs across the globe.

Sterling Investment Management Plc: In 2016, Sterling Bank Limited registered Sterling Investment Management Plc ("the SPV") with the Corporate Affairs Commission as a public limited liability company limited. The main objective of setting up the SPV was to raise or borrow money by the issuance of bonds or other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Bank.

(j) Methodology for Risk Rating

The Group has a credit rating and scoring system developed for rating exposures. They were developed in line with international best practice. Exposures are created by Corporate, Commercial and Retail business segments. The credit risk rating system assigns scores using various risk parameters based on the information provided by the borrower.

The rating is derived by adding the scores from all the risk parameters and the outcome of the rating is important for approval / rejection of the loan request.

Retail Loans:

Retail loans are governed by standard credit product programs and categorized as Consumer & MSME loans. Consumer loans are availed to individuals while MSME loans are granted to unstructured businesses. Unstructured businesses are small and medium scale businesses that rarely keep proper accounting records. Retail and SME scorecards are used for assessing Consumer and MSME loans respectively.

Commercial and Corporate Loans:

Commercial and Corporate Customers are rated using risk rating models. Depending on the underlying business transaction, Specialized Lending Models are also used for assessing specialized loans to Corporate and Commercial Customers. The rating methodology is based on both quantitative and qualitative factors. Quantitative factors are mainly the financial ratios, account conduct among others. Qualitative factors are based on the following risk categories: a. Business Risk b. Industry Risk c. Management Risk

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued**(j) Methodology for Risk Rating - continued****Credit Scoring System:**

The risk rating methodology is based on the following fundamental analyses (financial analysis and non-financial analysis):

Structured Businesses

The factors to be considered are:

Quantitative factors are basically the financial ratios which include:

- a. Leverage ratios
- b. Liquidity ratios
- c. Profitability ratios
- d. Interest Coverage ratios
- e. Activity ratio

Qualitative factors. These include:

- a. Industry
 - i. Size of the business
 - ii. Industry growth
 - iii. Market Competition
 - iv. Entry/Exit barriers
- b. Management:
 - i. Experience of the management team
 - ii. Succession Planning
 - iii. Organizational structure
- c. Security:
 - i. Collateral type
 - ii. Collateral coverage
 - iii. Guarantee i.e. the worth of Personal Guarantee/Corporate Guarantee pledged as support.
- d. Relationship with the Bank:
 - i. Account turnover (efficiency ratio)
 - ii. Account conduct
 - iii. Compliance with covenants/conditions
 - iv. Personal deposits with the bank.

Unstructured Businesses:

These are customers that rarely keep proper accounting records, hence the maximum limit that can be availed to them is restricted to N20m.

The factors to be considered are:

Quantitative factors. These include:

- i) Contract related transactions
 - a) Net Profit Margin
 - b) Counterparty – Nature/Financial capacity of the Principals
- ii) Other Facilities
 - a) Account turnover
 - b) Repayment history

Qualitative factors. These include:

Management:

- i. Experience/Technical competence with evidence
- ii. Succession Planning

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

0 Financial risk management - continued

(j) Methodology for Risk Rating - continued

- i. Industry
- ii. Industry growth
- iii. Share of the market
- iv. Regulations: Whether the industry is regulated or not
- v. Entry/Exit

In general, the following are considered in assessing facility request

- (i) **Character**
Fundamental to every credit decision is the honesty and integrity of the individuals to whom the Group lends directly or who manage the enterprises to which the Group lends. Character is the single most important factor in the credit decision.
- (ii) **Capacity**
The acceptance of a credit depends upon an objective evaluation of the customer's ability to repay the borrowed funds. To establish this, profitability and liquidity ratios are used as part of the assessment.
- (iii) **Capital**
The borrower must provide capital for anticipated adversity. The index to determine capital should be leverage for overdraft, lease and term loan facilities.
- (iv) **Cash Collateralised Facilities**
Cash collateralised facilities are not to be subjected to this scoring method, unless the character of the customer is questionable, in which case, the application is rejected. For cash collateralised facilities, the key issue is safety margin. Local cash deposits shall provide 110% coverage for the Bank's exposure. Foreign currency deposits pledged shall provide minimum 120% coverage for the Bank's exposure.
- (v) **Pricing**
The pricing of facilities is done to reflect the inherent risks for accepting the exposure by the Group. The average score computed often determines the minimum level of interest chargeable. This interest rate determined would be a guide. For the purposes of clarity, a prime rate is determined by Asset and Liability Management Department and other rates are either above or below it. The average score computed often determine the minimum level of interest chargeable. This interest rate determined would be a guide.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(vi) Collateral/Security

Collateral, often referred to as credit risk mitigant, gives additional assurance to recovering loans granted to customers. The pledged collateral is documented and continuously reviewed as to its value and marketability.

Collaterals/securities are reviewed and scored based on the following parameters:

- Whether secured or not secured
- If secured, what type of security
- Perfectible legal mortgage
- Equitable mortgage
- Chattel mortgages
- Location of security/collateral
- Loan to value ratio of collateral offered
- Marketability of security/collateral
- Whether collateral is a specialised asset or general purpose - type asset.
- Depreciating or appreciating value over time.

Enterprise risk review

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risks are an inevitable consequence of being in business.

The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by Enterprise Risk Management Group (ERM) within the policies approved by the Board of Directors. The ERM group identifies, evaluates and manages respective aspects of financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk, foreign exchange risk, interest rate risk, credit risk, market risk and operational risk. In addition, the Audit Division is responsible for the independent review of risk management and the control environment. The most important types of risk are Credit risk, Liquidity risk, Market risk and Operational risk. Market risk includes currency risk, interest rate and other price risk.

39.1 Credit risk

Credit exposures arise principally in lending activities carried out through loans and advances, debt securities and other instruments in the Group's risk asset portfolio. Credit risk is also inherent in off-balance sheet financial instruments.

The Group manages credit risks, which has been defined as the potential for a counterparty to default on financial obligations leading to financial losses. Credit risk is the principal source of risk to the Group arising from loans and advances extended to customers under the corporate, commercial, and retail business lines.

There is also credit risk in off-balance sheet financial instruments. Credit risk is managed by the Enterprise Risk Management Group (ERM). They report to the MD/Chief Executive Officer who in turn reports to the Board of Directors.

Main Characteristics and Elements of Credit Risk Management;

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****(a) Credit Portfolio Planning**

In line with the Group's planning cycle, credit portfolio plans are developed and approved at the overall Group and individual business unit level.

Credit portfolio planning entails definition and agreement of target risk asset threshold for different sectors, definition of target markets and criteria for risk acceptance at the corporate level and across each credit creating business unit in the Group.

(b) Exposure Development and Creation

Exposure Development and creation incorporates the procedures for preliminary screening of facility requests, detailed credit risk analysis and risk rating, risk triggered review and approval of facilities, and controlled credit availment of approved facilities, processes and guidelines for developing credit opportunities and creating quality risk assets in line with the Group's risk management policies.

(c) Exposure Management

To minimize the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear guidelines for management of the risk asset portfolio and individual risk exposures are defined. Exposure management entails collateral management, facility performance monitoring, quality reviews, risk asset classification and reporting.

(d) Delinquency Management/Loan Workout

In the undesired event of decline in risk asset quality, prompt identification and management of delinquent loans significantly reduces credit risk losses in the Group. The delinquency management/loan workout module of the integrated risk management framework outlines the approach for identification and management of declining credit quality. This also covers loan workout where all activities are geared towards resuscitating non-performing loans, and the first stage in the process of recognizing possible credit loss.

(e) Credit Recovery

Deliberate actions are taken proactively to minimize the Group's loss on non-performing loans. Directions are provided in the Credit Policy guide for winding down the Group's exposure, waivers, write-offs, etc. In the event of recovery, process for recognizing income and previously written-off amounts is also defined.

The Group's Risk Management Objectives and Policies

The Group's risk management objectives and policies for credit risk include the following:

1. To ensure optimal earnings through high quality risk portfolio.
2. Clear articulation of criteria for decision making.
3. Description of specific activities and tasks with respect to the creation and management of risk assets.
4. Description of specific activities and tasks in respect of the creation and management of risk assets.
4. Definition of non-performing loans as those with interest and principal repayment outstanding for 90 days or
5. Other criteria are also defined for determining impaired loans. These include:
 - Borrower's business recording consistent losses which might impair the cash flow, and loan repayment.
 - Borrower's networth being grossly eroded due to some macroeconomic events.
 - Lack of communication from the borrower.
 - Security offered has deteriorated in value and full payment cannot be guaranteed from normal operating sources.
 - Where the Group consents to loan restructuring, resulting in diminished financial obligation.
 - Demonstrated material forgiveness of debt or postponement of scheduled payment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Categorization of collaterals to determine the acceptable security for the mitigation of impairment impact on the Income Statement.

- (f) Risk Management Architecture
Risks are managed such that the risk profile and the Bank's reputation are aligned with the Group's objective of conservative risk appetite, balanced against a desire for reasonable returns.

- (ii) Credit risk measurement
Before a sound and prudent credit decision can be made, the credit risk of the borrower or counterparty must be accurately assessed. Each application is analyzed and assigned one of 9 (nine) grades using a credit rating system developed by the Group for all exposures to credit risk. Each grade corresponds to a borrower's or counterparty's probability of default.

The Group's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the Group is based on simple formal governance structures with regular reporting processes within a well-defined control environment.

The Group's risk policy allows its personnel take initiatives and responsibility to proactively identify risks in delivering products and services to the market in a value-added manner.

The Group's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still earn sufficient profit to make returns which are competitive with other investments.

Credit risks are examined for all credit-related transactions including investments and trading transactions, in addition to loans and leases. Credit risks are examined and managed for unfunded loan commitments in addition to funded loans and leases.

- (iii) Credit granting process
Credit granting decisions are based on the results of the risk assessment. In addition, to the client's solvency, credit granting decisions are also influenced by factors such as available collateral, transaction compliance with policies and standards, procedures and the Group's overall risk-adjusted returns objective. Each credit granting decision is made by authorities within the risk management teams and management who are independent of the business units and are at a reporting level commensurate with the size of the proposed credit transaction and the associated risk.

- (a) Loans and advances
In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group reflects the following components:

- (i) the character and capacity of the client or counterparty to pay down on its contractual obligations;
- (ii) current exposures to the counterparty and its likely future development;
- (iii) credit history of the counterparty; and
- (iv) the likely recovery ratio in case of default obligations -using value of collateral and other ways out.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

The Group's rating scale, which is shown below, reflects the range of scores defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their credit risk changes.

The risk rating scale and the external rating equivalent is detailed below:

Risk Rating	External Rating	Score	Remarks
	Equivalent	Range	
RR -1	AAA TO AA-	90-100	Superior
RR -2	A+ TO A-	80-89.99	Strong
RR -3	BBB+ TO BB-	70-79.99	Good
RR -4	BB+ TO BB-	50-69.99	Satisfactory
RR -5	B+ TO B-	40-49.99	High risk
RR -6	CCC+ TO CCC	30-39.99	Watch list
RR -7	CC+ TO C	20-29.99	Substandard
RR -8	D	10-19.99	Doubtful
RR -9	D	<10	Lost

(b) Debt Securities and Other Bills

For debt securities and other bills, external rating such as Augusto rating or their equivalents are used by Treasury Department primarily to manage their liquidity risk exposures.

(iv) Credit Risk Control & Mitigation policy

The Group manages concentration risks to counterparties, groups, sectors and countries. The level of credit risk undertaken is controlled by setting limits on exposures to individuals, groups, geographical and sectoral segments and facilitate continuous monitoring of adherence to set limits. The limits set are reviewed periodically and approved by the Board of Directors.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or groups of borrowers (single obligor limits), and to geographical and sectoral segments. Such risks are monitored on a revolving basis. Limits on the level of credit risk by industry sector and by geography are reviewed and approved quarterly by the Board of Directors.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on- and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued**Enterprise risk review - continued****(iv) Credit Risk Control & Mitigation policy**

The Group also sets internal credit approval limits for various levels in the credit process and is shown in the table

Authority level	Approval limit (Naira)
Full Board	Above 1,500,000,000
Board, Credit Committee	1,500,000,000
Management Credit Committee	750,000,000
Managing Director	500,000,000
Executive Director	150,000,000

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances demand. Some other specific control and mitigation measures are outlined below:

(a) Collateral Acceptability

The guiding principles behind collateral acceptability are adequacy and marketability. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- i. Mortgages over residential properties;
- ii. Charges over business assets such as premises, inventory and accounts receivable;
- iii. Charges over financial instruments such as debt securities and equities.

Long-term finance and lending to corporate entities as well as individuals are generally secured. However, in order to minimize losses, the Group will seek additional collateral from the counterparty when there are indicators of devaluation in existing collateral value.

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

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

(b) Master Netting Arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if default occurs, all amounts with the counterparty are settled on net basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

<i>Group</i> <i>In millions of Naira</i>	31 Dec 2025	31 Dec 2024
Financial assets:		
Loans and advances	316,114	286,501
Financial liabilities:		
Collateralised deposits	254,354	239,544

These amounts are currently not presented net on the statement of financial position due to the performing status of the facilities; If the items were to be netted, the following net asset will be presented on the statement of financial position:

<i>In millions of Naira</i>	31 Dec 2025	31 Dec 2024
Net financial assets/ liabilities:		
Loans and advances	61,760	46,957

(c) Credit-related Commitments

The primary purpose of these instruments is to create other avenues for lending. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore, carry less risk than a direct loan.

(d) Credit Concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Breakdown of Exposures by Geographic Areas

Group

S/N	Region	31 Dec 2025	31 Dec 2024
	<i>In millions of Naira</i>		
1	Abuja	132,679	51,226
2	Lagos	971,407	802,944
3	North Central	57,326	53,567
4	North East	10,042	8,376
5	North West	41,974	26,114
6	South East	40,672	22,995
7	South South	41,624	69,345
8	South West	172,908	106,877
	Grand Total	1,468,632	1,141,444

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

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

The Group's maximum exposure to credit risk as at 31 December 2025 and 31 December 2024 is represented by the net carrying amounts of the financial assets set out below:

Group**Type of collateral or credit enhancement**

31 December 2025

In millions of Naira

Financial assets

Cash and balances with Central Bank of Nigeria

Due from banks

Pledged assets

Loans and advances to customers

- Corporate loans

- Individual/retail loans

Debt instruments at amortised cost

Total financial assets at amortised cost

Derivative financial assets

Debt instruments at fair value through profit or loss

Total financial instruments at fair value through profit or loss

Debt instruments at fair value through other comprehensive income

Total debt instruments at fair value through other comprehensive income

Financial guarantees

Letters of credit for customers

Maximum exposure to credit risk	Fair value of collateral and credit enhancements held						Total collateral value	Net exposure	Associated ECLs
	Cash	Secured against Real Estate	Stocks/ shares	Debenture	Others				
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-	-	-	-
Due from banks	472,269	-	-	-	-	-	-	472,269	-
Pledged assets	16,087	-	-	-	-	-	-	16,087	(2)
Loans and advances to customers									
- Corporate loans	1,346,002	264,954	245,321	21,942	7,196,412	419,493	8,148,122	-	(32,495)
- Individual/retail loans	122,630	5,212	14,713	-	-	5,008	24,933	97,697	(22,877)
Debt instruments at amortised cost	98,498	-	-	-	-	-	-	98,498	(55)
Total financial assets at amortised cost	2,055,486	270,166	260,034	21,942	7,196,412	424,501	8,173,055	684,551	(55,429)
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	74,131	-	-	-	-	-	-	74,131	-
Total financial instruments at fair value through profit or loss	74,131	-	-	-	-	-	-	74,131	-
Debt instruments at fair value through other comprehensive income	646,472	-	-	-	-	-	-	646,472	-
Total debt instruments at fair value through other comprehensive income	646,472	-	-	-	-	-	-	646,472	-
Financial guarantees	444,813	-	-	-	-	-	-	444,813	(2,050)
Letters of credit for customers	136,103	-	-	-	-	-	-	136,103	(69)
	3,357,005	270,166	260,034	21,942	7,196,412	424,501	8,173,055	1,986,070	(57,548)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Company

Type of collateral or credit enhancement

31 December 2025

In millions of Naira

Financial assets

Cash and balances with Central Bank of Nigeria

Due from banks

Pledged assets

Loans and advances to customers

- Corporate loans

- Individual/retail loans

Debt instruments at amortised cost

Total financial assets at amortised cost

Derivative financial assets

Debt instruments at fair value through profit or loss

Total financial instruments at fair value through profit or loss

Debt instruments at fair value through other comprehensive income

Total debt instruments at fair value through other comprehensive income

Financial guarantees

Letters of credit for customers

Maximum exposure to credit risk	Fair value of collateral and credit enhancements held						Total collaterals	Net exposure	Associated ECLs
	Cash	Secured against Real Estate	Stocks/shares	Debenture	Others				
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-	-	-	-
Due from banks	8,471	-	-	-	-	-	-	8,471	-
Pledged assets	-	-	-	-	-	-	-	-	-
Loans and advances to customers									
- Corporate loans	-	-	-	-	-	-	-	-	-
- Individual/retail loans	-	-	-	-	-	-	-	-	-
Debt instruments at amortised cost	-	-	-	-	-	-	-	-	-
Total financial assets at amortised cost	8,471	-	-	-	-	-	-	8,471	-
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Total financial instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	-	-	-	-
Letters of credit for customers	-	-	-	-	-	-	-	-	-
	8,471	-	-	-	-	-	-	8,471	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Group

Type of collateral or credit enhancement

31 December 2024

	Fair value of collateral and credit enhancements held							Net exposure	Associated ECLs
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/shares	Debenture	Others	Total collaterals		
In millions of Naira									
Financial assets									
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-	-	-	-
Due from banks	569,455	-	-	-	-	-	-	569,455	-
Pledged assets	28,689	-	-	-	-	-	-	28,689	(14)
Loans and advances to customers									
- Corporate loans	1,040,348	309,447	187,610	36,427	1,038,705	46,880	1,619,069	-	(13,748)
- Individual/retail loans	101,096	630	12,397	-	-	4,292	17,319	83,777	(23,726)
Debt instruments at amortised cost	81,490	-	-	-	-	-	-	81,490	(121)
Total financial assets at amortised cost	1,821,078	310,077	200,007	36,427	1,038,705	51,172	1,636,388	763,411	(37,609)
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	27,491	-	-	-	-	-	-	27,491	-
Total financial instruments at fair value through profit or loss	27,491	-	-	-	-	-	-	27,491	-
Debt instruments at fair value through other comprehensive income	485,529	-	-	-	-	-	-	485,529	-
Total debt instruments at fair value through other comprehensive income	485,529	-	-	-	-	-	-	485,529	-
Financial guarantees	189,996	-	-	-	-	-	-	189,996	(378)
Letters of credit for customers	96,119	-	-	-	-	-	-	96,119	-
Other commitments	-	-	-	-	-	-	-	-	-
	2,620,213	310,077	200,007	36,427	1,038,705	51,172	1,636,388	1,562,546	(37,987)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Company

Type of collateral or credit enhancement

31 December 2024

	Fair value of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/shares	Debenture	Others	Total collaterals	Net exposure	Associated ECLs
In millions of Naira									
Financial assets									
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-	-	-	-
Due from banks	14,735	-	-	-	-	-	-	14,735	-
Pledged assets	-	-	-	-	-	-	-	-	-
Loans and advances to customers									
- Corporate loans	-	-	-	-	-	-	-	-	-
- Individual/retail loans	-	-	-	-	-	-	-	-	-
Debt instruments at amortised cost	-	-	-	-	-	-	-	-	-
Total financial assets at amortised cost	14,735	-	-	-	-	-	-	14,735	-
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Total financial instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	-	-	-	-
Letters of credit for customers	-	-	-	-	-	-	-	-	-
	14,735	-	-	-	-	-	-	14,735	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Credit concentrations

The Group monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2025, is set out below:

Group	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
31 December 2025											
In millions of Naira											
<i>Concentration by sector:</i>											
Corporate	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	218,945	-	-	-	521	15,968	235,434
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	25,108	-	-	-	313	6,611	32,032
Consumer	-	-	-	-	94,100	-	-	-	44	-	94,144
Education	-	-	-	-	5,493	-	-	-	-	-	5,493
Finance and Insurance	30,625	472,269	950	-	53,706	-	-	-	-	-	557,550
Government	731,014	-	15,135	-	96,240	74,131	98,443	646,472	67,835	5,769	1,735,039
Manufacturing	-	-	-	-	38,998	-	-	-	344	35,231	74,573
Mining & Quarrying	-	-	-	-	14	-	-	-	-	-	14
Mortgage	-	-	-	-	2,249	-	-	-	-	-	2,249
Oil & Gas	-	-	-	-	368,266	-	-	-	126,053	30,531	524,850
Others	-	-	-	-	205,956	-	-	-	38,276	31,686	275,918
Power	-	-	-	-	54,085	-	-	-	1,621	10,238	65,944
Real Estate & Construction	-	-	-	-	94,534	-	-	-	197,621	-	292,155
Transportation	-	-	-	-	71,315	-	-	-	150	-	71,465
Non-Interest Banking	-	-	-	-	84,251	-	-	-	9,985	-	94,236
	761,639	472,269	16,085	-	1,413,260	74,131	98,443	646,472	442,763	136,034	4,061,096
<i>Concentration by location:</i>											
Nigeria	761,639	29,817	16,085	-	1,413,260	74,131	98,443	646,472	442,763	136,034	3,618,644
America	-	147,232	-	-	-	-	-	-	-	-	147,232
Europe	-	294,086	-	-	-	-	-	-	-	-	294,086
Africa	-	1,134	-	-	-	-	-	-	-	-	1,134
	761,639	472,269	16,085	-	1,413,260	74,131	98,443	646,472	442,763	136,034	4,061,096

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Company	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
31 December 2025											
In millions of Naira											
Concentration by sector:											
Corporate	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance	-	8,471	-	-	-	-	-	-	-	-	8,471
Government	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-
Mining & Quarrying	-	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Power	-	-	-	-	-	-	-	-	-	-	-
Real Estate & Construction	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Non-Interest Banking	-	-	-	-	-	-	-	-	-	-	-
	-	8,471	-	-	-	-	-	-	-	-	8,471
Concentration by location:											
Nigeria	-	8,471	-	-	-	-	-	-	-	-	8,471
America	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-	-
	-	8,471	-	-	-	-	-	-	-	-	8,471

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Credit concentrations

The Group monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2024, is set out below:

Group	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
31 December 2024											
In millions of Naira											
Concentration by sector:											
Corporate	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	142,387	-	-	-	-	3,632	146,019
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	30,427	-	-	-	-	-	30,427
Consumer	-	-	-	-	70,296	-	-	-	-	-	70,296
Education	-	-	-	-	5,517	-	-	-	-	-	5,517
Finance and Insurance	28,453	569,455	1,022	-	21,396	-	-	-	-	-	620,326
Government	838,672	-	27,653	-	82,326	27,491	81,369	485,529	189,618	18	1,732,676
Manufacturing	-	-	-	-	65,435	-	-	-	-	44,215	109,650
Mortgage	-	-	-	-	2,214	-	-	-	-	-	2,214
Oil & Gas	-	-	-	-	363,722	-	-	-	-	8,408	372,130
Others	-	-	-	-	131,160	-	-	-	-	39,846	171,006
Power	-	-	-	-	29,179	-	-	-	-	-	29,179
Real Estate & Construction	-	-	-	-	53,811	-	-	-	-	-	53,811
Transportation	-	-	-	-	64,747	-	-	-	-	-	64,747
Non-Interest Banking	-	-	-	-	41,347	-	-	-	-	-	41,347
	867,125	569,455	28,675	-	1,103,970	27,491	81,369	485,529	189,618	96,119	3,449,351
Concentration by location:											
Nigeria	867,125	11,771	28,675	-	1,103,970	27,491	81,369	485,529	189,618	96,119	2,891,667
America	-	30,196	-	-	-	-	-	-	-	-	30,196
Europe	-	482,920	-	-	-	-	-	-	-	-	482,920
Africa	-	44,568	-	-	-	-	-	-	-	-	44,568
Asia	-	-	-	-	-	-	-	-	-	-	-
	867,125	569,455	28,675	-	1,103,970	27,491	81,369	485,529	189,618	96,119	3,449,351

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Company	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
31 December 2024											
In millions of Naira											
Concentration by sector:											
Corporate	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance	-	14,735	-	-	-	-	-	-	-	-	14,735
Government	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Power	-	-	-	-	-	-	-	-	-	-	-
Real Estate & Construction	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Non-Interest Banking	-	-	-	-	-	-	-	-	-	-	-
	-	14,735	-	-	-	-	-	-	-	-	14,735
Concentration by location:											
Nigeria	-	14,735	-	-	-	-	-	-	-	-	14,735
America	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-	-
	-	14,735	-	-	-	-	-	-	-	-	14,735

39 Financial Risk Management - continued

Enterprise Risk Review - continued

Exposure to Credit Risk - continued

CREDIT QUALITY OF FINANCIAL ASSETS - continued

The Standardized Approach has been used in assessing the Bank's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines. Credit assessments applied to items in the Group's book and trading book are assigned in accordance with the regulatory guidelines

31 December 2025						
Assets	carrying values of:				Net values	
	Defaulted exposures	Non defaulted exposures	Allowances/ impairments			
<i>In millions of Naira</i>						
Loans and advances to customers	69,265	1,399,367	(55,372)			1,413,260
Debt securities	-	-	-			-
Off balance sheet exposures	-	580,916	(2,119)			578,797
Total	69,265	1,980,283	(57,491)			1,992,057
<i>In millions of Naira</i>						
	RR1 - RR2	RR3 - RR4	RR5 - RR6	RR7 - RR9	Total	Carrying Amount
Balances with Central Bank of Nigeria	761,639	-	-	-	761,639	761,639
Due from banks	472,269	-	-	-	472,269	472,269
Pledged assets	16,085	-	-	-	16,085	16,085
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	52,924	975,356	371,087	69,265	1,468,632	1,413,260
Financial assets at fair value through profit or loss	74,131	-	-	-	74,131	74,131
Investments securities - FVOCI	646,472	-	-	-	646,472	646,472
Investments securities - amortised cost	98,498	-	-	-	98,498	98,443
Other assets	-	105,793	-	-	105,793	105,793
Total	2,122,018	1,081,149	371,087	69,265	3,643,519	3,588,092

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

CREDIT QUALITY OF FINANCIAL ASSETS - continued

The Standardized Approach has been used in assessing the Group's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines.

31 December 2024

Assets

<i>In millions of Naira</i>	carrying values of:			Net values
	Defaulted exposures	Non defaulted exposures	Allowances/ impairments	
Loans	61,580	1,079,864	(37,474)	1,103,970
Debt Securities	-	-	-	-
Off Balance sheet exposures	-	286,115	(378)	285,737
Total	61,580	1,365,979	(37,852)	1,389,707

In millions of Naira

	RR1 - RR2	RR3 - RR4	RR5 - RR6	RR7 - RR9	Total	Carrying Amount
Balances with Central Bank of Nigeria	867,125	-	-	-	867,125	867,125
Due from banks	569,455	-	-	-	569,455	569,455
Pledged assets	28,675	-	-	-	28,675	28,675
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	30,981	590,980	457,903	61,580	1,141,444	1,103,970
Financial assets at fair value through profit or loss	27,491	-	-	-	27,491	27,491
Investments securities - FVOCI	485,529	-	-	-	485,529	485,529
Investments securities - amortised cost	81,490	-	-	-	81,490	81,369
Other assets	-	163,470	-	-	163,470	163,470
Total	2,090,746	754,450	457,903	61,580	3,364,679	3,327,084

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

Credit Mitigation Techniques

The Group has in place a set of management actions to prevent or mitigate the impact on earnings of business risks. Business risk monitoring, through regular reports and oversight, results in corrective actions to plan and ensure reductions in exposures where necessary. Credit control and mitigation policies are also in place. Collateral policies are designed to ensure that the Group's exposure is secured, and to minimize the risk of credit losses to the Group in the event of decline in quality or delinquency of assets.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG). These include;

- Acceptable collateral for each credit product.
- Required documentation/perfection of collaterals
- Conditions for waiver of collateral requirement and approval of collateral waiver.
- Acceptance of cash and other forms of collateral denominated in foreign currency.

31 December 2025

Assets			Exposure unsecured	Total Exposures	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured
<i>In millions of Naira</i>							
Loans and advances to customers			97,024	1,371,608	1,274,584	-	-
Debt Securities			-	-	-	-	-
Total			97,024	1,371,608	1,274,584	-	-
of which defaulted			-	69,265	-	-	-

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Asset Classes	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
<i>In millions of Naira</i>					
Sovereigns and their central banks	1,581,391	-	1,581,391	-	-
Non-central government public sector entities	97,530	23,894	2,482	10,216	12,698
Multilateral Development Banks (MDBs)	-	-	-	-	-
Supervised institutions	442,678	-	442,678	-	115,718
Corporates	931,353	583,111	775,925	40,962	816,887
Regulatory retail portfolios	184,881	419	183,156	142	137,473
Secured by residential property	61,702	-	61,702	-	59,649
Secured by commercial real estate	127,099	-	125,068	-	125,068
Past due loans	37,132	-	37,010	-	39,467
Higher –risk categories	52,433	-	52,433	-	78,649
Other assets	370,022	4,614	370,022	2,307	335,777
Total	3,886,221	612,038	3,631,867	53,627	1,721,386

31 December 2024

Assets	Exposure unsecured	Total Exposures	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured
<i>In millions of Naira</i>					
Loans and advances to customers	53,617	1,087,827	1,034,210	-	-
Debt Securities	-	-	-	-	-
Total	53,617	1,087,827	1,034,210	-	-
of which defaulted	-	61,580	-	-	-

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Asset Classes	Exposures pre CCF and CRM		Exposures post CCF and CRM		
	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
<i>In millions of Naira</i>					
Sovereigns and their central banks	1,531,306	-	1,389	-	1,389
Non-central government public sector entities	83,762	40,637	-	4,218	4,218
Multilateral Development Banks (MDBs)	-	-	-	-	-
Supervised institutions	559,688	-	190,301	-	190,301
Corporates	764,771	285,075	617,181	14,709	631,890
Regulatory retail portfolios	96,308	322	70,498	2	70,500
Secured by residential property	50,779	-	49,605	-	49,605
Secured by commercial real estate	95,778	-	94,073	-	94,073
Past due loans	36,231	-	37,305	-	37,305
Higher –risk categories	48,636	-	72,954	-	72,954
Other assets	238,012	26,515	209,558	13,071	222,629
Total	3,505,271	352,549	1,342,864	32,000	1,374,864

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS

31 December 2025							
In millions of Naira							
Risk weight	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
Sovereigns	1,581,391	-	-	-	-	-	1,581,391
Non-central government public sector entities (PSEs)	-	-	-	-	12,698	-	12,698
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	353,968	87,571	-	1,137	1	442,677
Corporates	-	-	-	-	816,887	-	816,887
Regulatory Retail Portfolios	-	-	-	183,297	-	-	183,297
Secured by Mortgages on Residential Properties	-	-	-	8,212	53,490	-	61,702
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	125,068	-	125,068
Past due loans	-	-	3,142	-	25,815	8,054	37,011
Higher –risk categories	-	-	-	-	-	52,433	52,433
Other assets	30,625	7,410	-	-	334,295	-	372,330
Total	1,612,016	361,378	90,713	191,509	1,369,390	60,488	3,685,494

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

COUNTERPARTY CREDIT RISK EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS							
31 December 2025							
In millions of Naira							
Risk weight	0%	20%	50%	75%	100%	150%	Total credit exposure amount (Pre CCF and CRM)
Sovereigns	1,581,391	-	-	-	-	-	1,581,391
Non-central government public sector entities (PSEs)	-	-	-	-	121,424	-	121,424
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised institutions	-	353,968	87,571	-	1,137	1	442,677
Corporates	-	-	-	-	1,514,464	-	1,514,464
Regulatory retail portfolios	-	-	-	185,300	-	-	185,300
Secured by Mortgages on Residential Properties	-	-	-	8,212	53,490	-	61,702
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	127,099	-	127,099
Past due loans	-	-	3,142	-	25,936	8,054	37,132
Higher –risk categories	-	-	-	-	-	52,433	52,433
Other assets	30,625	7,410	-	-	336,602	-	374,637
Total	1,612,016	361,378	90,713	193,512	2,180,152	60,488	4,498,259

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS

31 December 2024							
In millions of Naira							
Risk weight	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
Sovereigns	1,531,306	-	-	-	-	-	1,531,306
Non-central government public sector entities (PSEs)	-	4,276	-	-	1,378	-	5,654
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	374,193	138,932	-	45,995	1.00	559,121
Corporates	-	14,709	-	-	617,181	-	631,890
Regulatory Retail Portfolios	-	3	-	93,998	-	-	94,001
Secured by Mortgages on Residential Properties	-	-	-	4,569	46,178	-	50,747
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	94,073	-	94,073
Past due loans	-	-	1,466	-	22,117	9,637	33,220
Higher –risk categories	-	-	-	-	-	48,636	48,636
Other assets	28,454	-	13,071	-	209,558	-	251,083
Total	1,559,760	393,181	153,469	98,567	1,036,480	58,274	3,299,731

39 Financial risk management - continued
Enterprise risk review - continued

Exposure to credit risk - continued

COUNTERPARTY CREDIT RISK EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS**31 December 2024**

In millions of Naira

	0%	20%	50%	75%	100%	150%	Total credit exposure amount (Pre CCF and CRM)
Sovereigns	1,531,306	-	-	-	-	-	1,531,306
Non-central government public sector entities (PSEs)	-	21,148	19,547	-	83,704	-	124,399
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised institutions	-	374,199	138,932	-	46,555	1	559,687
Corporates	-	75,017	210,059	-	764,771	-	1,049,847
Regulatory retail portfolios	-	13	310	96,308	-	-	96,631
Secured by Mortgages on Residential Properties	-	-	-	4,590	46,189	-	50,779
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	95,778	-	95,778
Past due loans	-	-	1,466	-	23,281	11,483	36,230
Higher –risk categories	-	-	-	-	-	48,636	48,636
Other assets	28,454	-	26,515	-	209,558	-	264,527
Total	1,559,760	470,377	396,829	100,898	1,269,836	60,120	3,857,820

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

Commitments and Guarantees

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Group.

The table below shows the Group's maximum credit risk exposure for commitments and guarantees. The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

GROUP		31 Dec 2025	31 Dec 2024			
<i>In millions of Naira</i>						
Bonds, guarantees and indemnities		444,813	189,996			
Letters of credit		136,103	96,119			
		580,916	286,115			
Maturity profile of contingents and commitments						
As at 31 December 2025	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
<i>In millions of Naira</i>						
Bonds, guarantees and indemnities	-	260,784	60,755	29,951	93,323	444,813
Letters of credit	-	57,021	16,977	41,015	21,090	136,103
Total undiscounted financial assets (A)	-	317,805	77,732	70,966	114,413	580,916
As at 31 December 2024	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Bonds, guarantees and indemnities	-	5,967	60,755	29,951	93,323	189,996
Letters of credit	-	17,037	16,977	41,015	21,090	96,119
Total undiscounted financial assets (A)	-	23,004	77,732	70,966	114,413	286,115

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Exposure to Credit Risk - continued

Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments (except for specialised lending facilities where the 90 days past due is rebutted and 180 days past due is used instead). The Group considers treasury and interbank balances defaulted and takes immediate action when the required intra-day payments are not settled by the close of business as outlined in the individual agreements.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default (debt service default or technical default) or past due event.
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.
- The Group puts the credit obligation on non-accrued status.
- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The Group has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the Group.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least 90 consecutive days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured, depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant reduction in credit risk.

The following probationary period is applied in transferring financial asset back to a lower stage following a significant reduction in credit risk:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

- When there is evidence of a significant reduction in credit risk for a financial instrument in stage 2, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.
- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 2.
- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 180 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

The Bank's internal rating and Probability of Default (PD) estimation process

The Group runs separate models for its key portfolios in which its customers are rated from RR-1 to RR-9 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplementary external information that could affect the borrower's behaviour. These information sources are first used to determine the ratings within the Bank's risk management framework. The internal credit grades are assigned based on these assessments.

PDs is an estimate of the likelihood of default over a given time horizon which is based on the historical default data of the Bank which are then adjusted for IFRS 9 ECL calculations by incorporating forward looking information. This is further assessed based on three economic scenarios (Base, Upturn and Downturn) with appropriate probability weights assigned to derive the probability weighted ECLs.

Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group analyses available information such as financial information and other external data to conduct credit assessments and assign internal ratings.

Corporate lending

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a credit rating model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond.
- Any macro-economic or geopolitical information, e.g., GDP growth for the specific industry and geographical segments where the client operates. Industry or sector information to assess the competitive position of the obligors with regards to market share.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Group and the complexity and size of the customer. Some of the less complex small business loans are rated within the Group's models for retail products.

Retail/MSME lending

Retail lending comprises, asset finance, unsecured personal loans, credit cards and overdrafts. These products, along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool. Key inputs into the models are:

- Consumer/Retail lending products: personal income/salary levels based on records of current accounts, personal indebtedness, demographic information and loan-to-value ratios (mortgages).
- MSMEs: financial, management and industry information. In addition, historical account performance is evaluated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

The Bank's internal credit rating grades

Internal risk rating grade	External rating equivalent	Remarks
RR -1	AAA TO AA-	Superior
RR -2	A+ TO A-	Strong
RR -3	BBB+ TO BB-	Good
RR -4	BB+ TO BB-	Satisfactory
RR -5	B+ TO B-	High Risk
RR -6	CCC+ TO CCC	Watch List
RR -7	CC+ TO C	Substandard
RR -8	D	Doubtful
RR -9	D	Lost

Exposure at default

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

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12m ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the reporting date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and purchased or originated credit impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding to multiple scenarios.

Loss given default

LGD is the portion of the loan determined to be irrecoverable at the time of loan default. The Group estimates the general Life Time LGD curves based on an Intensity Matrix, which is built on top of the actual migration of exposure in between the Credit Risk States (buckets). The secured portion of the LGD adjusted for collateral values while recovery data is observed for the unsecured portion of the LGD. The models in calculating the LGD considers in its computation a wider set of transaction characteristics (e.g. product type, collateral, recovery cost, time to recovery e.t.c.).

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial Risk Management - continued****Significant increase in credit risk**

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime (LT) ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers both qualitative and quantitative factors in assessing whether credit risk has increased significantly on any exposure. Some of these factors include significant increase in PD since initial recognition, expectation of forbearance and restructuring due to financial difficulties.

Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 19c), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.2 Summary of significant accounting policies and in Note 3.0 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, BMI Research, Trading Economics etc.) and a team of expert within its Enterprise Risk Management Department verifies the accuracy of inputs to the Group' ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2024 and 2025.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Group

31 December 2025								
Key drivers	ECL Scenario	Assigned probabilities	2025	2026	2027	2028	2029	Subsequent years
GDP growth rate%	Upside	16%	5.10%	4.50%	4.80%	5.00%	5.20%	5.20%
	Base Case	82%	4.60%	4.00%	4.30%	4.50%	4.70%	4.70%
	Downside	2%	4.10%	3.50%	3.80%	4.00%	4.20%	4.20%
Exchange rate	Upside	16%	1,463.00	1,435.00	1,485.00	1,450.00	1,400.00	1,430.00
	Base Case	82%	1,488.00	1,460.00	1,510.00	1,475.00	1,425.00	1,455.00
	Downside	2%	1,563.00	1,535.00	1,585.00	1,550.00	1,500.00	1,530.00
Inflation rate %	Upside	16%	18.85%	13.75%	14.75%	13.50%	13.00%	13.75%
	Base Case	82%	19.35%	14.25%	15.25%	14.00%	13.50%	14.25%
	Downside	2%	19.85%	14.75%	15.75%	14.50%	14.00%	14.75%

Analysis of inputs to the ECL model under multiple economic scenarios - continued								
31 December 2024								
Key drivers	ECL Scenario	Assigned probabilities	2024	2025	2026	2027	2028	Subsequent years
GDP growth rate%	Upside	14%	4.00%	4.45%	4.60%	4.75%	4.90%	5.00%
	Base Case	78%	3.50%	3.95%	4.10%	4.25%	4.40%	4.50%
	Downside	8%	3.00%	3.45%	3.60%	3.75%	3.90%	4.00%
Exchange rate	Upside	14%	1575.00	1475.00	1435.00	1395.00	1355.00	1325.00
	Base Case	78%	1600.00	1500.00	1460.00	1420.00	1380.00	1350.00
	Downside	8%	1675.00	1575.00	1535.00	1495.00	1455.00	1425.00
Inflation rate %	Upside	14%	29.00%	25.00%	23.00%	21.00%	19.00%	17.00%
	Base Case	78%	29.50%	25.50%	23.50%	21.50%	19.50%	17.50%
	Downside	8%	30.00%	26.00%	24.00%	22.00%	20.00%	18.00%

At the beginning of each year, the key economic indicators used in ECL models for the Group are always reassessed to reflect current and accurate data.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

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

Group**31 December 2025****In millions**

	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/Retail lending	Financial guarantee	Letter of credit
Upside (16%)	152	9	5,199	3,660	328	11
Base (82%)	781	47	26,646	18,759	1,681	57
Downside (2%)	20	1	650	458	41	1
Total	953	57	32,495	22,877	2,050	69

31 December 2024**In millions**

	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/Retail lending	Financial guarantee	Letter of credit
Upside (14%)	222	19	1,900	3,279	52	-
Base (78%)	1,259	106	10,792	18,625	297	-
Downside (8%)	123	10	1,056	1,822	29	-
Total	1,604	135	13,748	23,726	378	-

Overview of modified financial assets

From a risk management point of view, once an asset is forborne or modified, the Group's credit recovery department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification gain earned by the Group.

Group

	31 Dec 2025	31 Dec 2024
Gross carrying amount before modification	30,990	5,861
ECL allowance before modification	(97)	(19)
Net amortised cost before modification	30,893	5,842
Net modification (loss)/gain	(169)	(22)
Amortised cost after modification	30,724	5,820

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Enterprise risk review - continued

(e) Liquidity risk

Liquidity risk and Funding Management: The Group is exposed to two types of liquidity risk;

- 1 Market/Trading Liquidity Risk is the risk of inability to conduct transaction at current market price because of the size of the transaction. This type of liquidity risk comes to play when certain assets cannot be liquidated at short notice due to market illiquidity.
- 2 Funding Liquidity Risk relates to the inability to raise the necessary cash to roll over its debt; to meet the cash, margin, and collateral requirements of counterparties; and to satisfy capital withdrawals. Funding liquidity risk is managed through holding cash and cash equivalents, setting credit lines in place, and monitoring buying power. (Buying power refers to the amount a trading counterparty can borrow against assets under stressed market conditions).

The Asset & Liability Committees (ALCO) are responsible for managing the liquidity of the Group. The Asset and Liability Management (ALM) function manages the day-to-day liquidity requirements across the Group. The Market & Liquidity Risk function actively manages and monitors liquidity through the framework of limits, behavioural patterns of non-maturing assets and liabilities, among others. Liquidity risk is assessed by comparing the expected outflows with expected inflows, and liquidity risk arises when there is a mismatch arising between the inflow and outflow, also when there is unexpected delay in repayment of loans (term liquidity risk) or unexpectedly high payment outflow (withdrawal/call risk).

In line with the Liquidity Risk Management Framework, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Net liquid assets consist of cash, short-term bank placements and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

Presented below is the process used in managing liquidity:

Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;

Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

Monitoring balance sheets liquidity ratios against internal and regulatory requirements (in conjunction with Financial and Regulatory Reporting function and market and Liquidity Risk function).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Liquidity risk - continued

(e) Liquidity Risk Measurement Techniques

Liquidity positions are measured by calculating the net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management policy.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and Government Bonds for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitment. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the CBN.

The following table reflects the Group's regulatory liquidity ratio for the years indicated.

	As at 31 December 2025	As at 31 December 2024
At end of year	43.31%	35.18%
Average for the year	42.08%	32.80%
Maximum for the year	50.36%	36.63%
Minimum for the year	31.64%	26.62%

In addition to the above, the Group also applies the following metrics in measuring liquidity risk and ensuring that day-to-day funding requirements are met.

- 1 **Liquidity Coverage Ratio (LCR)** - The LCR aims to ensure that the Group has sufficient unencumbered high-quality liquid assets ('HQLA') to withstand a stressed 30-day funding scenario. HQLA consist of cash or assets that can easily be converted into cash at little or no loss of value to cover any net outflow. The minimum requirement is 100%.

On a Business-As-Usual (BAU) basis, the Group's LCR as at 31 December 2025 was 198.15%. The LCR indicates that the Group has adequate liquidity to support its current level of growth.

- 2 **Net Stable Funding Ratio (NSFR)** – The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

It measures the amount of available stable funding relative to the required stable funding. This ratio should be equal to at least 100% on an ongoing basis. It is designed to complement the LCR.

The Group's NSFR of 146.88% as at 31 December 2025, was well above the Basel requirement of 100% and internal risk tolerance level.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Liquidity risk - continued

(e) Liquidity Risk Measurement Techniques - continued

3 Liquidity Gap: Liquidity Gap describe a discrepancy or mismatch in the supply or demand for cash inflows and outflows. The ALM Team use maturity gap analysis to compare cash inflows and outflows daily and over a series of time-bands. The liquidity gap reports are prepared using the projection worksheets created for different scenarios and stress levels. For each scenario, the assumptions used were approved by the ALCO. For liquidity in the normal or ordinary course of business, the minimum levels of projected liquidity shall be maintained. For liquidity in all other scenarios and stress levels, the ALCO establishes minimum guidance levels.

4 Liquidity Ratios: Liquidity ratios describe the structure and shape of the balance sheet in business-as-usual conditions and allow the ALCO to monitor changes in structural liquidity. The Group establishes various liquidity ratios to indicate the business's ability to meet short-term obligations with liquid assets, identify any mismatches between long-term funding sources and uses and review the ability of the banking business to fund loans through customer deposits.

The ALCO sets the internal liquidity ratios targets aimed at ensuring that the Group meets its liquidity needs under going concern and stressed market conditions.

Please find below key liquidity risk metrics as at 31st December 2024

	As at 31 December 2025	As at 31 December 2024
Liquidity Ratio	43.31%	35.18%
Net Interbank Borrowing / Total Deposit	0.00%	0.19%
Loan/ Deposit Ratio	58.62%	49.36%
Current and Savings Account/Total Deposit	78.25%	75.16%

5 Stress Testing: In addition, stress testing and scenario analysis are used to assess the financial and management capabilities of the Group to continue operating effectively under extreme but still viable trading conditions. A liquidity stress test is conducted, at least monthly, reviewing the impact of an accelerated run-off from funding sources and changes in normal business situation.

The ALCO integrates the results of the stress testing process into the Group's strategic planning process (e.g. Management could adjust its asset-liability composition) and the firm's day-to-day risk management practices (e.g. through monitoring sensitive cash flows or reducing concentration limits).

To ensure that liquidity risk is controlled within the Group, limits and triggers are set. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to particular sources of liabilities, asset-liability mismatches and counterparty concentrations.

These limits include liquidity ratio limits (Loan/Deposit, Liquid Assets/Customer Liabilities, Medium Term Funding Ratio, Core Funding Ratio etc.), Maturity Mismatch limits, Cumulative Outflow limit as well as Concentration limits. Furthermore, diversification of the Group's funding profile in terms of investor types, regions, products and instruments is also an important element of controlling liquidity risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****Liquidity risk - continued****(e) Liquidity Risk Measurement Techniques - continued****Liquidity Contingency Funding Plan**

The Group has an approved liquidity Contingency Funding Plan (CFP or the Plan) for managing unanticipated stressful scenarios that could result in a significant erosion of group-specific or general market liquidity. The Plan details the policies, procedures and actions for responding to contingent liquidity events as well as incorporates early warning indicators to monitor market conditions.

Such early warning indicators include, among others, decline in the liquidity ratio below approved limits for a prescribed period, delays in disbursements of statutory allocations beyond a prescribed period, negative clearing balances for a prescribed period or a branch running out of physical cash.

The Contingency Funding plan covers the available sources of contingent funding to supplement cash flow shortages, the lead times to obtain such funding, the roles and responsibilities of those involved in the contingency plans, and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the Contingency Funding Plan.

In the period between 31 December 2025 and 31 December 2024, the Group's total deposit base grew on a yearly basis by 18.5% from N2,519billion to N2,985 billion. It is instructive to note that 62.3% of the customer deposits were Demand deposits.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Enterprise Risk Review - continued

(e) Liquidity Risk

Group

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

31 December 2025	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
<i>In millions of Naira</i>								
Financial assets								
Cash and balances with Central Bank of Nigeria	16	761,639	761,639	42,812	-	718,827	-	-
Due from banks	17	472,269	472,280	472,280	-	-	-	-
Pledged assets	18	16,085	16,140	5,770	10,075	-	295	-
Loans and advances to customers	20	1,413,260	1,858,982	546,592	292,376	329,173	437,921	252,920
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	74,131	75,770	15,852	33,780	16,235	2,845	7,058
- Debt instruments at fair value through other comprehensive income	21(b)	646,472	713,898	298,374	73,232	28,950	84,196	229,146
- Equity instruments at fair value through other comprehensive income	21(c)	52,692	52,692	-	-	-	-	52,692
- Debt instruments at amortised cost	21(d)	98,443	128,105	43,910	20,000	1,108	47,113	15,974
Other assets	23	143,751	147,774	108,730	4,639	7,544	26,861	-
		3,678,742	4,227,280	1,534,320	434,102	1,101,837	599,231	557,790
Financial liabilities								
Deposits from Banks	27	-	-	-	-	-	-	-
Deposits from customers	28	2,984,814	3,107,887	1,306,979	314,075	1,035,304	160,974	290,555
Derivative financial liabilities	19	1,433	1,433	1,433	-	-	-	-
Debt securities issued & other borrowed funds	29&30	231,439	291,372	21,588	5,030	6,160	243,144	15,450
Other liabilities	31	243,252	247,656	155,019	2,651	89,883	103	-
		3,460,938	3,648,348	1,485,019	321,756	1,131,347	404,221	306,005
Gap (asset - liabilities)		217,804	578,932	49,301	112,346	(29,510)	195,010	251,785
Cumulative liquidity gap				49,301	161,647	132,137	327,147	578,932

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Enterprise Risk Review - continued

(e) Liquidity Risk - continued

Group

31 December 2024	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
<i>In millions of Naira</i>								
Financial assets								
Cash and balances with Central Bank of Nigeria*	16	867,125	867,125	90,038	-	777,087	-	-
Due from banks	17	569,455	569,466	569,466	-	-	-	-
Pledged assets	18	28,675	28,760	16,324	2,801	9,321	314	-
Derivative financial assets	19	-	-	-	-	-	-	-
Loans and advances to customers	20	1,103,970	1,376,922	443,309	247,524	152,037	341,556	192,496
Investment securities:				-	-	-	-	-
- Financial assets at fair value through profit or loss	21(a)	27,491	31,241	4,270	7,999	10,253	2,608	6,111
- Debt instruments at fair value through other comprehensive income	21(b)	485,529	837,532	174,954	24,162	131,994	124,730	381,692
- Equity instruments at fair value through other comprehensive income	21(c)	48,635	48,635	-	-	-	-	48,635
- Debt instruments at amortised cost	21(d)	81,369	108,969	31,969	-	17,357	37,615	22,028
Other assets	23	163,470	192,393	146,362	4,250	6,904	34,877	-
		3,375,719	4,061,043	1,476,692	286,736	1,104,953	541,700	650,962
Financial liabilities								
Deposits from Banks	27	49,364	49,364	49,364	-	-	-	-
Deposits from customers	28	2,518,512	2,586,796	1,071,698	277,885	878,607	130,807	227,799
Debt securities issued & other borrowed funds	29&30	247,890	280,137	-	13,811	112,845	136,875	16,607
Other liabilities	31	392,409	393,922	391,668	1,588	563	103	-
		3,208,175	3,310,219	1,512,730	293,284	992,015	267,785	244,406
Gap (asset - liabilities)		167,544	750,824	(36,038)	(6,548)	112,938	273,915	406,556
Cumulative liquidity gap				(36,038)	(42,586)	70,353	344,267	750,824

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Enterprise Risk Review - continued

(e) Liquidity Risk - continued

Company								
31 December 2025								
	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
In millions of Naira								
Financial assets								
Cash and balances with Central Bank of Nigeria	16	-	-	-	-	-	-	-
Due from banks	17	8,471	8,471	8,471	-	-	-	-
Pledged assets	18	-	-	-	-	-	-	-
Derivative financial assets	19	-	-	-	-	-	-	-
Loans and advances to customers	20	-	-	-	-	-	-	-
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-	-
Other assets		10,232	10,232	10,232	-	-	-	-
		18,703	18,703	18,703	-	-	-	-
Financial liabilities								
Deposits from Banks	27	-	-	-	-	-	-	-
Deposits from customers	28	-	-	-	-	-	-	-
Debt securities issued & other borrowed funds	29&30	-	-	-	-	-	-	-
Other liabilities	31	793	793	793	-	-	-	-
		793	793	793	-	-	-	-
Gap (asset - liabilities)		17,910	17,910	17,910	-	-	-	-
Cumulative liquidity gap				17,910	17,910	17,910	17,910	17,910

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

Enterprise Risk Review - continued

(e) Liquidity Risk - continued

Company

31 December 2024

	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
In millions of Naira								
Financial assets								
Cash and balances with Central Bank of Nigeria	16	-	-	-	-	-	-	-
Due from banks	17	14,735	14,735	14,735	-	-	-	-
Pledged assets	18	-	-	-	-	-	-	-
Derivative financial assets	19	-	-	-	-	-	-	-
Loans and advances to customers	20	-	-	-	-	-	-	-
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-	-
Other assets	23	3,167	3,167	3,167	-	-	-	-
		17,902	17,902	17,902	-	-	-	-
Financial liabilities								
Deposits from Banks	27	-	-	-	-	-	-	-
Deposits from customers	28	-	-	-	-	-	-	-
Debt securities issued & other borrowed funds	29&30	-	-	-	-	-	-	-
Other liabilities	31	634	634	634	-	-	-	-
		634	634	634	-	-	-	-
Gap (asset - liabilities)		17,268	17,268	17,268	-	-	-	-
Cumulative liquidity gap				17,268	17,268	17,268	17,268	17,268

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****(f) Market Risk**

Market risk is the risk that earnings or capital would be adversely affected by changes in the level, correlation or volatility of market factors. Market factors include interest rates, foreign exchange rates, equity prices, and commodity prices. This risk arises mainly from trading activities as well as through non-traded risk in the banking book.

The Group's objective is to control and manage market risk exposures within the acceptable risk appetite approved by the Board while optimizing returns. The Group's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. Its strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk.

Central to the Group's market risk management is the deployment of appropriate tools and methodologies tailored towards identifying, measuring, monitoring, controlling and reporting the Group's exposure to each market risk factor.

Market Risk Management and Control Framework

The Group has put in place a robust and clearly defined market risk management framework, which essentially provides the Board and Management with guidance on market risk management processes. All teams involved in the management and control of market risk are required to fully comply with the policy statements to ensure the Group is not exposed to market risk beyond the qualitative and quantitative risk tolerances.

ALCO manages market and liquidity risks across the Group and meets monthly to review, approve and make recommendations concerning the risk profile including limits, utilization and strategy. They also recommend, to the Board, amendments to the market risk policy.

A dedicated market risk team, independent of the trading and business units, is responsible for implementing the market risk control framework and assumes day-to-day responsibility for market risk management. A limit framework is set within the context of the approved market risk appetite while daily market risk dashboard and stress testing reports are generated.

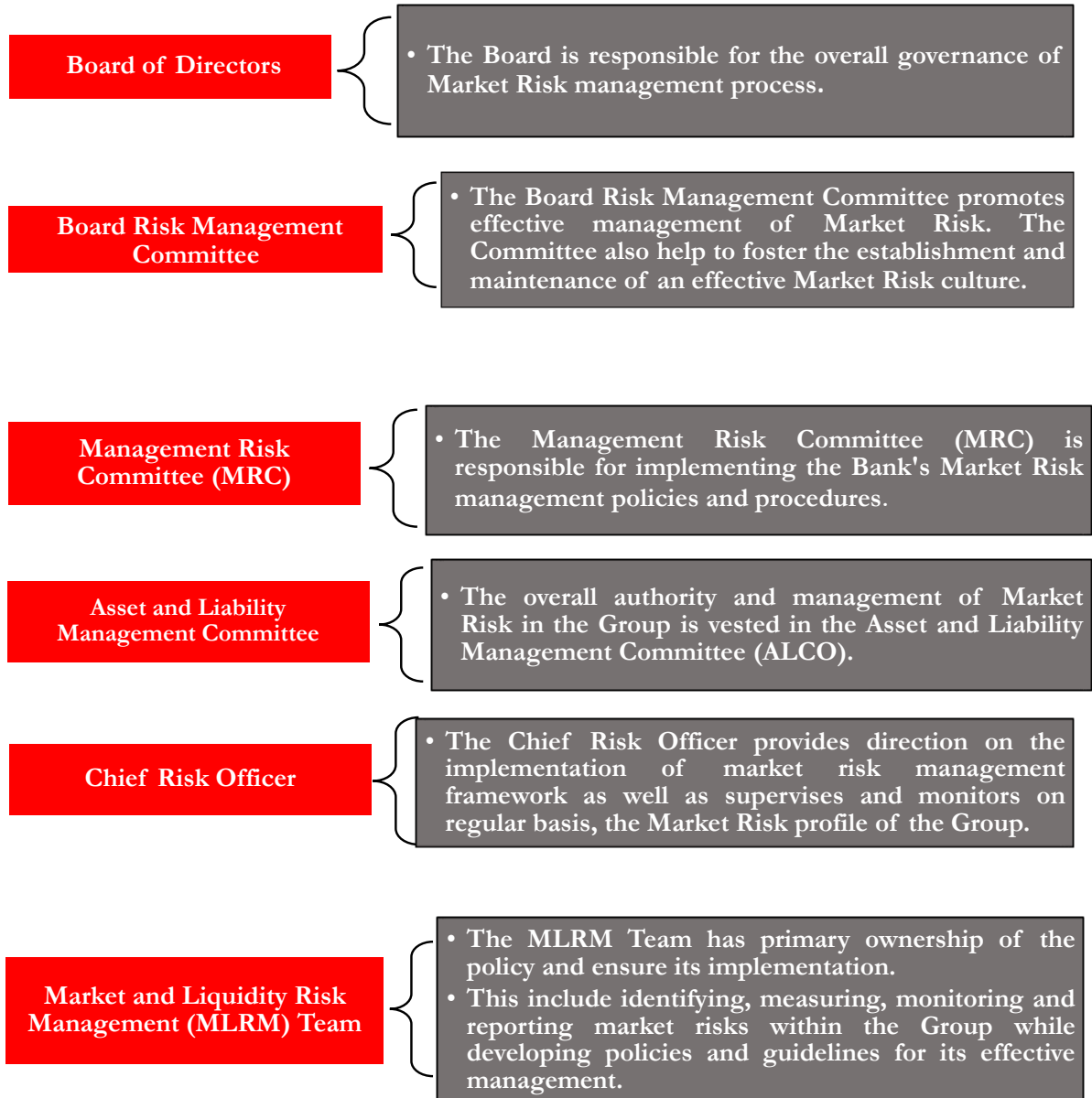
Risk limits, which are monitored daily by the Market Risk team include stop loss limits, unhedged open positions, VaR, duration amongst others. Daily positions of the Group's trading and FVTOCI portfolios are marked-to-market to enable the Group have an accurate view of its trading exposures.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(f) Market Risk

Market Risk Governance Structure



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

Market Risk Measurement Techniques

The major measurement techniques used by the Group to monitor and control Market Risk exposures are outlined below.

- 1 Value at Risk (VaR):** Is a technique that produces estimates of the potential change in the market value of a portfolio over a specified time horizon at a given confidence level. In line with the Group's policy, VaR assumes a time horizon of one trading day and a confidence level of 99% for internal risk management purposes bearing in mind present market realities, the Group's level of exposure as well as the composition of its portfolio.

The Group's trading VaR for the financial year is reflected in the table below.

2025 (all figures in N'million)	Interest Rate	Foreign Exchange
VaR as at 31 Dec 2025	1130.5	21.89
2024 (all figures in N'million)	Interest Rate	Foreign Exchange
VaR as at 31 December 2024	339.96	23.17

Back-testing

In order to verify that the results acquired from VaR calculations are consistent and reliable, the model is always back-tested. Back-testing is an integral part of VaR reporting in the Group's risk management processes. Back-testing is a procedure where actual profits and losses are compared to projected VaR estimates aimed at ensuring that the model yields accurate risk estimates.

We would expect, on average, to see two or three profits and two or three losses in excess of VaR at the 99% confidence level over a one-year period. The actual number of profits or losses in excess of VaR over this period can therefore be used to measure how well the models are performing.

All exceptions generated from the back-testing process are documented with suitable explanation. Based on the exception classification, necessary action is taken on risk models by the Market & Liquidity Risk Management Team with directive from the ALCO.

- 2 Stress Testing:** Due to volatilities in the operating environment, the Group conducts stress tests to evaluate the potential losses originating from impact of market risk factors under extreme market conditions. The stress testing includes the impact of exceptional changes in market rates and prices on the fair value of the Fair Value through P or L (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) portfolios. The Group calculates:

- > risk factor stress testing, where stress movements are applied to each risk ;
- > historical stress tests where shocks based on historical movements are assumed and applied; and
- > ad-hoc stress testing, which includes applying possible stress events to specific positions.

The results of the stress tests are reviewed by the ALCO who may respond by modifying the portfolio and taking other strategic steps to reduce the expected impact in the event that these risks crystallizes. The stress test results may also be presented to the Board.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued**Enterprise Risk Review - continued****f(i) Interest Rate Risk**

Interest rate risk in the banking book is the risk of an adverse impact on earnings or capital due to changes in market interest rates. Changes in interest rates affect earnings by changing its net interest income and the level of other interest sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the assets, liabilities, and off-balance-sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change.

The Group's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which can arise due to the movement in the various floating rate indices, such as the savings rate and the 90-day NIBOR, until maturity. Non-traded interest rate risk arises in the group's book from the provision of retail and wholesale banking products and services, as well as from certain structural exposures within the balance sheet, mainly due to the fact that assets, liabilities and equity may be re-priced at different times. These risks impact both the earnings and the economic value of the Group.

Overall, management of the Group's non-trading interest rate risk positions lies with the ALCO. In addition to various strategies, the ALCO defines the internal transfer pricing framework constructed to ensure that interest rate risk arising from mismatches in the maturity profile of assets and liabilities is managed to achieve a balanced repricing cumulative gap position that is in line with the limits set by the Board. The ALCO also makes judgmental assumptions about the behaviour of assets and liabilities that do not have specific contractual maturity or re-pricing dates.

Measurement of Interest Rate Risk in the Banking Book

Generally, the primary source of interest rate risk is the differences in the timing of the repricing of the assets, liabilities and off-balance sheet instruments. Repricing mismatches generally occur from borrowing short term to fund long term assets or borrowing long term to fund long term assets. These activities can expose an institutions earnings and economic value of equity (EVE) to changes in market interest rate.

The measures applied by the Group in monitoring and controlling interest rate risk in the banking book includes:

Net Interest Income (NII) Sensitivity – An integral part of the Group's management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income while applying different rate scenarios (simulation modelling) where other macro-economic metrics are held constant. This monitoring is undertaken at the ALCO level. The Group applies a combination of scenarios and assumptions relevant to our peculiar businesses in forecasting one-year net interest income sensitivities across a range of interest rate scenarios.

Economic Value of Equity (EVE) - EVE represents the present value of the future banking book cash flows that could be distributed to equity providers under a managed run-off scenario, i.e. the current book value of equity plus the present value of future net interest income in this scenario. This can be used to assess the economic capital required to support interest rate risk in the banking book (IRRBB). An EVE sensitivity is the extent to which the EVE value will change due to a pre-specified movement in interest rates, where all other economic variables are held constant. Operating entities are required to monitor EVE sensitivity as a percentage of capital resources.

The following tables provide information on the extent of the Group's interest rate exposure. The assets and liabilities are grouped into brackets defined by their time to maturity or the date of the interest rate adjustment. The difference, or gap, between assets and liabilities in each time bracket makes the Bank sensitive to interest rate fluctuations. The amounts are based on interest rate maturities. However, saving and current accounts have a non-defined interest maturity. A quantitative assessment of the interest rate sensitivity of our saving accounts and current accounts has been executed. The outcome of this assessment is used in the calculations for interest rate risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market risks - continued

f(i) Interest Rate Risk - continued

		RATE SENSITIVITY OF ASSETS AND LIABILITIES					
Group		Less than				More than	
In millions of Naira	Notes	3 months	3-6 months	6-12 months	1 - 5 years	5 years	Total
(a) 31 December 2025							
Non-derivative assets:							
Due from banks	17	22,199	-	-	-	-	22,199
Loans and advances to customers	20	491,094	258,996	264,879	286,396	111,895	1,413,260
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	15,302	31,361	14,373	5,739	7,356	74,131
- Debt instruments at fair value through other comprehensive income	21(b)	273,076	71,358	26,144	98,285	177,609	646,472
- Debt instruments at amortised cost	21(d)	55,802	11,571	754	23,945	6,371	98,443
		<u>857,473</u>	<u>373,286</u>	<u>306,150</u>	<u>414,365</u>	<u>303,231</u>	<u>2,254,505</u>
Non-derivative liabilities:							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from customers	28	461,319	108,933	352,648	78,258	125,214	1,126,372
Other borrowed funds & Debt securities issued	29&30	21,483	5,030	6,160	186,585	12,181	231,439
		<u>482,802</u>	<u>113,963</u>	<u>358,808</u>	<u>264,843</u>	<u>137,395</u>	<u>1,357,811</u>
Total interest sensitivity gap		<u>374,671</u>	<u>259,323</u>	<u>(52,658)</u>	<u>149,522</u>	<u>165,836</u>	<u>896,694</u>

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 3%	Downward -3%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.03	(0.03)	97,677	2,930	(2,930)
from 1 to 3 months	335	0.03	(0.03)	256,515	7,063	(7,063)
from 3 to 6 months	275	0.03	(0.03)	277,544	6,273	(6,273)
from 6 to 12 months	185	0.03	(0.03)	(20,432)	(311)	311
Total				611,304	15,955	(15,955)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Position)	Impact on Equity
Up to 1 month	0.08%	69,534	21
from 1 to 3 months	0.31%	333,493	540
from 3 to 6 months	0.68%	262,903	922
from 6 to 12 months	1.31%	(7,126)	61
1 years to 2 years	2.46%	54,058	609
2 years to 3 years	3.80%	83,966	1,358
3 years to 4 years	5.05%	(1,658)	(31)
4 years to 5 years	6.41%	(17,859)	(364)
5 years to 7 years	8.27%	62,182	1,293
7 years to 10 years	9.06%	5,116	144
10 years to 15 years	11.70%	64,006	1,032
15 years to 20 years	11.73%	(13,544)	(149)
More than 20 years	12.72%	23,873	117
Total		918,944	5,553

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued

RATE SENSITIVITY OF ASSETS AND LIABILITIES							
Group	Notes	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
In millions of Naira							
(a) 31 December 2024							
Financial assets							
Due from banks	17	11,824	-	-	-	-	11,824
Loans and advances to customers	20	429,403	158,123	169,214	249,371	97,859	1,103,970
Investment securities:							
- Financial assets at fair value through profit or loss	21(a)	4,103	7,388	8,590	2,418	4,992	27,491
- Debt instruments at fair value through other comprehensive income	21(b)	165,679	21,411	91,417	71,490	135,532	485,529
- Debt instruments at amortised cost	21(d)	17,794	-	16,516	33,141	13,918	81,369
		628,803	186,922	285,737	356,420	252,301	1,710,183
Financial Liabilities							
Non-derivative liabilities:							
Deposits from Banks	27	16,512	-	-	-	-	16,512
Deposits from Customers	28	419,398	98,978	320,421	71,045	113,671	1,023,513
Other borrowed funds & Debt securities issued	29&30	-	12,724	105,694	116,734	12,738	247,890
		435,910	111,702	426,115	187,779	126,409	1,287,915
Total interest sensitivity gap		192,893	75,220	(140,378)	168,641	125,892	422,268

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.03	(0.03)	206,495	6,195	(6,195)
from 1 to 3 months	335	0.03	(0.03)	(11,866)	(356)	356
from 3 to 6 months	275	0.03	(0.03)	75,220	2,257	(2,257)
from 6 to 12 months	185	0.03	(0.03)	(140,378)	(4,211)	4,211
Total				129,471	3,884	(3,884)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	206,495	27
from 1 to 3 months	0.31%	(11,866)	(19)
from 3 to 6 months	0.68%	81,573	278
from 6 to 12 months	1.31%	(146,455)	(952)
1 years to 2 years	2.46%	39,812	423
2 years to 3 years	3.80%	85,530	1,290
3 years to 4 years	5.05%	44,670	761
4 years to 5 years	6.41%	(3,755)	(66)
5 years to 7 years	8.27%	50,824	842
7 years to 10 years	9.06%	58,575	739
10 years to 15 years	11.70%	42,689	516
15 years to 20 years	11.73%	(14,054)	(107)
More than 20 years	12.72%	(11,770)	(34)
Total		422,268	3,698

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued

Company <i>In millions of Naira</i> 31 December 2025	Notes	RATE SENSITIVITY OF ASSETS AND LIABILITIES					Total N'million
		Less than 3 months N'million	3-6 months N'million	6-12 months N'million	1 - 5 years N'million	More than 5 years N'million	
Non-derivative assets:							
Due from banks	17	8,471	-	-	-	-	8,471
Loans and advances to customers	20	-	-	-	-	-	-
Investment securities:							
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-
		8,471	-	-	-	-	8,471
Non-derivative liabilities:							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from Customers	28	-	-	-	-	-	-
Other borrowed funds & Debt securities issued	29&30	-	-	-	-	-	-
		-	-	-	-	-	-
Total interest sensitivity gap		8,471	-	-	-	-	8,471

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 3%	Downward -3%	Interest Rate Gap (Net Position)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.03	(0.03)	8,471	254	(254)
from 1 to 3 months	335	0.03	(0.03)	-	-	-
from 3 to 6 months	275	0.03	(0.03)	-	-	-
from 6 to 12 months	185	0.03	(0.03)	-	-	-
Total				8,471	254	(254)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	8,471	7
from 1 to 3 months	0.31%	-	-
from 3 to 6 months	0.68%	-	-
from 6 to 12 months	1.31%	-	-
1 year to 2 years	2.46%	-	-
2 years to 3 years	3.80%	-	-
3 years to 4 years	5.05%	-	-
4 years to 5 years	6.41%	-	-
5 years to 7 years	8.27%	-	-
7 years to 10 years	9.06%	-	-
10 years to 15 years	11.70%	-	-
15 years to 20 years	11.73%	-	-
More than 20 years	12.72%	-	-
Total		8,471	7

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

(f) Market Risks - continued

f(i) Interest Rate Risk - continued
Company

		RATE SENSITIVITY OF ASSETS AND LIABILITIES					
		Less than			More than		
As at 31 December 2024		3 months	3-6 months	6-12 months	1 - 5 years	5 years	Total
In millions of Naira							
Non-derivative assets:							
Due from banks	17	14,735	-	-	-	-	14,735
Loans and advances to customers	20	-	-	-	-	-	-
Investment securities:							
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-
		<u>14,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,735</u>
Non-derivative liabilities:							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from customers	28	-	-	-	-	-	-
Other borrowed fund & Debt securities issued	29&30	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity gap		<u>14,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,735</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

f(i) Interest Rate Risk - continued

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.03	-0.03	14,735	442	(442)
from 1 to 3 months	335	0.03	-0.03	-	-	-
from 3 to 6 months	275	0.03	-0.03	-	-	-
from 6 to 12 months	185	0.03	-0.03	-	-	-
Total				14,735	442	(442)

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Position)	Impact on Equity
Up to 1 month	0.08%	14,735	12
from 1 to 3 months	0.31%	-	-
from 3 to 6 months	0.68%	-	-
from 6 to 12 months	1.31%	-	-
1 year to 2 years	2.46%	-	-
2 years to 3 years	3.80%	-	-
3 years to 4 years	5.05%	-	-
4 years to 5 years	6.41%	-	-
5 years to 7 years	8.27%	-	-
7 years to 10 years	9.06%	-	-
10 years to 15 years	11.70%	-	-
15 years to 20 years	11.73%	-	-
More than 20 years	12.72%	-	-
Total		14,735	12

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

f(ii) Foreign Currency Risk

Foreign exchange risk is the risk that fluctuations in the prevailing foreign exchange rates would affect the value of the Group's assets and liabilities as well as off-balance sheet items. This also includes positions in local currency that are indexed to foreign exchange rate. Financial Instruments that are exposed to this risk includes; foreign currency denominated loans and advances, securities, future cash flows in foreign currencies arising from foreign currency transactions. Exposures to foreign exchange risk are consistently monitored by limit structures for overnight and intraday positions.

The ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily since an effective overview of such risk is a critical element of the Group's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and Management aims to ensure that the risk tolerance is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in a foreign currency.

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

(a) Foreign Currency Concentrations risk as at 31 December 2025

Group						
In millions of Naira	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balance with Central Bank of Nigeria	740,971	13,946	4,788	1,934	-	761,639
Due from other banks	10,595	317,227	2,335	142,079	33	472,269
Financial assets pledged as collateral	15,135	950	-	-	-	16,085
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customer	1,045,023	368,237	-	-	-	1,413,260
Financial assets at fair value through profit or loss	65,691	8,440	-	-	-	74,131
Debt instruments at fair value through other comprehensive income	548,166	92,114	-	6,192	-	646,472
Equity instruments at fair value through other comprehensive income	35,275	17,417	-	-	-	52,692
Debt instruments at amortised cost	98,443	-	-	-	-	98,443
Other assets	211,347	48,608	(19)	(2)	-	259,934
Total financial assets (A)	2,770,646	866,939	7,104	150,203	33	3,794,925
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	1,957,677	868,549	10,978	147,577	33	2,984,814
Derivative financial liabilities	1,433	-	-	-	-	1,433
Debts issued and other borrowed funds	109,340	122,099	-	-	-	231,439
Other financial liabilities	241,112	(1,231)	1,047	3,945	326	245,199
Total financial liabilities (B)	2,309,562	989,417	12,025	151,522	359	3,462,885
Net financial assets/ (liabilities)	461,084	(122,478)	(4,921)	(1,319)	(326)	332,040

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar	GBP	Euro	Total
	N'000	N'000	N'000	N'000
Net On Balance Sheet Position	(122,478)	(4,921)	(1,319)	(128,718)
Closing Exchange Rate (Naira/Currency)	1,440	1,931	1,688	
10% Currency Appreciation (-)	1,296	1,738	1,182	
10% Currency Depreciation (+)	1,584	2,124	2,195	
Effect of 10% appreciation on Profit	17,800	492	104	18,396
Effect of 10% depreciation on Profit	(17,800)	(492)	(104)	(18,396)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

f(ii) Foreign currency risk - continued

Group

31 December 2024

In millions of Naira	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balance with Central Bank of Nigeria	846,913	15,067	3,137	2,008	-	867,125
Due from other banks	11,771	375,328	9,972	172,022	362	569,455
Financial assets to maturity pledged as collateral	27,653	1,022	-	-	-	28,675
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	731,324	372,125	397	124	-	1,103,970
Financial assets measured at fair value through profit or loss	23,850	3,641	-	-	-	27,491
Financial assets at fair value through other comprehensive income	425,320	54,575	-	5,634	-	485,529
Equity instruments at fair value through other comprehensive income	27,176	21,459	-	-	-	48,635
Financial investment at amortized cost	81,369	-	-	-	-	81,369
Other assets	101,826	118,221	(51)	(32)	-	219,964
Total financial assets (A)	2,277,202	961,438	13,455	179,756	362	3,432,213
Liabilities						
Due to banks	49,364	-	-	-	-	49,364
Due to customers	1,645,996	694,444	13,257	164,815	-	2,518,512
Debt issued and other borrowed funds	125,791	122,099	-	-	-	247,890
Other financial liabilities	114,007	266,428	555	15,411	326	396,727
Total financial liabilities (B)	1,935,158	1,082,971	13,812	180,226	326	3,212,493
Net financial assets/ (liabilities)	342,044	(121,533)	(357)	(470)	36	219,720

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar	GBP	Euro	Total
	N'000	N'000	N'000	N'000
Net On Balance Sheet Position	(121,533)	(357)	(470)	(122,360)
Closing Exchange Rate(Naira/Currency)	1,549	1,939	1,603	
1% Currency Appreciation(-)	1,394	1,745	1,443	
1% Currency Depreciation(+)	1,704	2,133	1,764	
Effect of 1% appreciation on Profit	12,153	36	47	12,236
Effect of 1% depreciation on Profit	(12,153)	(36)	(47)	(12,236)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

f(ii) Foreign currency risk

(a) Foreign Currency Concentrations Risk as at 31 December 2025

Company

31 December 2025

	Naira	Dollar	GBP	Euro	Others	Total
In millions of Naira						
Cash and balance with Central Bank of Nigeria	-	-	-	-	-	-
add un-restricted balance	-	-	-	-	-	-
Due from other banks	8,471	-	-	-	-	8,471
Financial assets to maturity pledged as collateral	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
Debt instrument at amortised cost	-	-	-	-	-	-
Other assets	11,864	-	-	-	-	11,864
Total financial assets (A)	20,335	-	-	-	-	20,335
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	-	-	-	-	-	-
Debt issued and other borrowed funds	-	-	-	-	-	-
Other financial liabilities	7,680	-	-	-	-	7,680
Total financial liabilities (B)	7,680	-	-	-	-	7,680
Net financial assets/ (liabilities)	12,655	-	-	-	-	12,655

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar	GBP	Euro	Total
	N'000	N'000	N'000	N'000
Net On Balance Sheet Position	-	-	-	-
Closing Exchange Rate (Naira/Currency)	1,440	1,931	1,688	
10% Currency Appreciation (-)	1,296	1,738	1,182	
10% Currency Depreciation (+)	1,584	2,124	2,195	
Effect of 10% appreciation on Profit	-	-	-	-
Effect of 10% depreciation on Profit	-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial Risk Management - continued

f(ii) Foreign currency risk

In millions of Naira

31 December 2024

	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balance with Central Bank of Nigeria	-	-	-	-	-	-
add un-restricted balance	-	-	-	-	-	-
Due from other banks	14,735	-	-	-	-	14,735
Financial assets to maturity pledged as collateral	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
Debt instrument at amortised cost	-	-	-	-	-	-
Other assets	5,632	-	-	-	-	5,632
Total financial assets (A)	20,367	-	-	-	-	20,367
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	-	-	-	-	-	-
Debt issued and other borrowed funds	-	-	-	-	-	-
Other financial liabilities	717	-	-	-	-	717
Total financial liabilities (B)	717	-	-	-	-	717
Net financial assets/ (liabilities)	19,650	-	-	-	-	19,650

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar	GBP	Euro	Total
	N'000	N'000	N'000	N'000
Net On Balance Sheet Position	-	-	-	-
Closing Exchange Rate (Naira/Currency)	1,549	1,939	1,603	
1% Currency Appreciation (-)	1,394	1,745	1,443	
1% Currency Depreciation (+)	1,704	2,133	1,764	
Effect of 1% appreciation on Profit	-	-	-	-
Effect of 1% depreciation on Profit	-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued**(g) Operational Risk Management**

Operational risk in the Group is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks.

Operational risk exists in all activities, processes, products and systems. The Group aims to maintain operational risk within its risk appetite through a strategy anchored on the sustenance of a strong risk culture of individual and collective awareness and understanding of operational risk, accountability and transparency on operational risk issues at all levels, deployment of robust operational risk policies, processes and tools, and collaboration across all the business units and support functions in managing operational risk.

Operational Risk Governance Structure

Operational risk is managed in the Group along three lines of defense. The first line consists of the business units who own and are directly responsible for managing the risk. They identify and report operational risks in their activities and communicate these risks to the second line of defense which includes the independent risk management and control functions. This line formulates the risk management policies, processes and tools, and provides support in enhancing and monitoring the effectiveness of controls in the business units and support functions, while the third line of defense, the Internal Audit department, provides independent assurance on the adequacy, appropriateness and effectiveness of the risk management policies and process on an ongoing basis.

The Group maintains a dedicated Operational Risk Management (ORM) function which formulates the operational risk management strategy, policy and framework. The department, through the Chief Risk Officer, has a reporting line to the Executive Management, Management Risk Committee and Board Risk Management Committee, depicting a robust governance structure. The Board approves the Group's ORM policy and appetite. The Management Risk Committee reviews operational risk management reports quarterly and defines action plans to minimize material risks to acceptable levels. In addition, the ORM department collaborates with the Conduct and Compliance Division to ensure effective implementation of the ORM framework in the business units and support functions. It also works closely with the business units to manage operational risk based on the outcomes of the monitoring activities of the Conduct and Compliance Division. The ORM department is audited regularly by the Group's internal and external auditors.

Operational Risk Management Framework

The Group has a robust framework for managing operational risk. The framework defines the core governing principles and processes for the effective identification, assessment, mitigation, and monitoring of operational risks in line with regulatory requirements and international best practices. The key processes and tools in the ORM framework include the following:

1 Risk and Control Self-Assessment

The Group's Risk and Control Self-Assessment (RCSA) program provides a structured approach for business owners to identify material risks in their business areas, assess the effectiveness of controls in mitigating the risks and implement actions to proactively address the identified vulnerabilities. RCSA helps senior management to assess the overall effectiveness of the control environment, improve risk decision making, and optimize controls to meet business objectives.

The RCSA is also a rich source of information for developing heat maps that highlight the Group's areas of vulnerability, risk concentration and materiality.

The RCSA program was redesigned and enhanced in the third quarter of the year to improve the risk identification and control assessment process, ensure ownership of risks at senior levels within the business, and enhance the monitoring and resolution of issues.

Risk assessments of new and existing products, processes and applications are also conducted to identify material operational risks and ensure adequacy and effectiveness of implemented mitigating controls.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****2 Key risk indicators**

The Group uses Key Risk Indicators which provide early warning signals of changes in the risk profile to monitor and mitigate key threats to the achievement of strategic goals. Material breaches are reported monthly and quarterly to Management for timely remediation.

3 Operational Risk Event Data Collection

The Group maintains a comprehensive internal loss database aligned with regulatory and Basel standards for collecting, analyzing and reporting operational risk events and losses. The data on the Group's historical loss experience provides meaningful information for assessing the exposure to operational risk, developing risk scenarios, prioritizing risk decisions, and implementing controls to mitigate risks. Strict reporting requirements are in place to ensure that operational risk incidents are escalated to relevant stakeholders for timely decision making. Adequate risk transfer mechanisms including insurance and outsourcing are in place to minimize the impact of operational risk events on the Group. The lessons learnt from operational risk events and losses are communicated across the Bank and used in improving the control environment.

4 Scenario Analysis

The Operational Risk Management department utilizes scenario analysis of the Group's internal historical losses and material external risk events in modelling tail risk events, determining the potential impact on the organization, and proactively developing action plans to mitigate the risks.

Business Continuity Management

The Group obtained the Business Continuity Management System (BCMS) certification (ISO 22301) within the year in line with international principles and standards. This certification indicates that a comprehensive Business Continuity Plan and robust recovery processes and systems are in place to build resilience, safeguard the Bank's employees and assets, maintain strategic communications, minimize service disruption and losses, and ensure timely recovery and resumption of operations and technology infrastructure in the event of a disaster. The Bank's dedicated Business Continuity Manager coordinates the activities of the BCMS and ensures the development, implementation and testing of the BCP is in line with international standards and best practices.

The Operational Risk Management framework is supported by other departmental policies and procedures that guide the daily activities of the business units and functions and ensure adequate controls are implemented to mitigate risks. The policies and procedures are regularly reviewed and updated, and the processes redesigned or automated where required, to improve operational efficiency and the effectiveness of controls across the Bank.

Periodic reports on the identified operational risks are circulated to the relevant stakeholders for timely remediation of issues, enhancement of controls and to increase awareness of operational risk across the Bank.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(g) Operational Risk Management - continued

Operational Risk Capital Charge

The Group uses the Basic Indicator Approach for computing the capital charge for operational risk in line with regulatory

31 December 2025

Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
In millions of Naira						
Basic Indicator Approach (BIA)						
Gross Income	15%	116,892	140,150	201,536	458,578	68,787
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						22,929
Calibrated Risk Weighted Amount (BIA)						286,611

31 December 2024

Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
In millions of Naira						
Basic Indicator Approach (BIA)						
Gross Income	15%	116,892	140,150	201,536	458,578	68,787
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						22,929
Calibrated Risk Weighted Amount (BIA)						286,611

(h) Capital management

(a) Regulatory capital

The Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria. In implementing current capital requirements, the Central Bank of Nigeria requires the Bank to maintain a 10% minimum ratio for total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as Fair value through other comprehensive income.

Various limits are applied to elements of the capital base. The qualifying Tier 2 capital is limited to 33.3% of Tier 1 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**39 Financial risk management - continued****(h) Capital management - continued****(a) Regulatory capital - continued**

The CBN in its circular BSD/DIR/GEN/LAB/07/021 effective 5 August 2014 informs banks on the exclusion of the following reserves in the computation of total qualifying capital:

- Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines,
- Collective impairment on loans and receivables and other financial assets,
- Other Comprehensive Income (OCI) Reserves will be recognized as part of Tier 2 capital subject to the limits set in paragraph 3.2 of the CBN Guidance, and Notes on the Calculation of Regulatory Capital

(b) Capital Adequacy Ratio

In accordance with Central Bank of Nigeria regulations, a minimum threshold of 10% is to be maintained when computing the ratio qualifying capital to risk weighted assets.

The capital adequacy computation for the year ended 31 December 2025 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by Central Bank of Nigeria, referenced BSD/DIR/GEN/BAS/08/031 and dated 24 June 2015. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

The Group, in line with the directives from the Central Bank of Nigeria (CBN), has adopted the following approaches for its Pillar 1 capital calculations:

- Credit Risk – Standardised Approach
- Market Risk – Standardised Approach
- Operational Risk – Basic indicator approach, which is 15% of the average gross income for the past 3 year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(h) Capital management - continued

(b) Capital Adequacy Ratio - continued

		Group 2025	Group 2024
Constituents of Capital			
In millions of Naira			
Tier 1 capital	<i>Note</i>		
Paid- up share capital	32.1	27,345	22,729
Share premium		139,742	108,292
General reserve (Retained earnings)		65,887	63,073
SMEIS reserve		235	235
AGSMEIS reserve		10,169	6,523
Statutory reserve		52,508	39,596
Other reserves		5,276	5,276
Tier 1 Capital Before Regulatory Deduction		301,162	245,724
Regulatory Deduction			
Deferred tax assets		(12,143)	(13,018)
Other intangible assets		(3,205)	(3,263)
Total Regulatory Deduction		(15,348)	(16,281)
Tier 1 Capital after Regulatory Deduction		285,814	229,443
Tier 2 capital: Instruments & Reserves			
Subordinated debt *		-	4,056
Other comprehensive income		43,476	23,049
Eligible Tier 2 Capital		43,476	27,105
Total regulatory capital		329,290	256,548
Risk-weighted assets		2,111,034	1,663,140
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets		15.60%	15.43%

*Recognition of capital instrument in Tier 2 capital in its final five years to maturity is amortized on a straight-line basis by 20% per annum.

Description of Tier 2 Capital (Sub-ordinated debt)

Particulars	Place	Issue date	Date of maturity	Coupon rate	N'million
Non- convertible debenture stock	Nigeria	5 October 2018	5 October 2025	16.25%	-

Internal Capital Adequacy Assessment Process (ICAAP)

The Group has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Group's banking subsidiaries to meet regulatory requirements for current and future business needs, including under stress scenarios. The framework has been structured in line with CBN requirements to identify the risks inherent in the Banks' business and sets out the Banks' philosophy, processes, and techniques for managing risks across the Banks. Furthermore, it describes the controls management has implemented to reduce the likelihood of occurrence and minimize the impact of risk events on the business and includes information on the Banks' governance structure, and policies that support risk and capital management systems.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(h) Capital management - continued

(b) Capital Adequacy Ratio - continued

Internal Capital Adequacy Assessment Process (ICAAP)

Risk Weighted Assets and Capital Requirement per Credit Exposure

S/N	Exposure	Risk Weighted Assets	Capital requirements
	In millions of Naira		
1	Credit Risk		
1.01	Sovereign	-	-
1.02	Public Sector Entities	-	-
1.03	State and Local Government	2,482	257
1.04	Multilateral Development Bank	-	-
1.05	Supervised Institutions	115,718	11,963
1.06	Corporate and Other Persons	775,925	80,219
1.07	Regulatory Retail Portfolio	137,367	14,202
1.08	Secured by Mortgages on Residential Properties	59,649	6,167
1.09	Exposures Secured by Mortgages on Commercial Real Estates	125,068	12,930
1.10	Past Due	39,467	4,080
1.11	Higher Risk Exposures	78,649	8,131
1.12	Other Balance Sheet Exposures	333,469	34,476
1.13	Off Balance Sheet Exposures	53,592	5,541
1.14	Regulatory Adjustment	(36,386)	-
2	Market risk		
2.01	Interest Rate Risk	8,124	650
2.02	Foreign Exchange Risk	57,034	4,563
3	Operational risk		
3.01	Basic Indicator Approach	408,113	32,649
4	Capital Adequacy Ratio		
4.01	Tier 1 Capital Adequacy Ratio	13.54%	
4.02	Total Capital Adequacy Ratio	15.60%	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39 Financial risk management - continued

(h) Capital management - continued

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives.

40 Maturity Analysis of Assets and Liabilities

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

- Group

Maturity analysis of assets and liabilities 31 December 2025	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and balances with Central Bank of Nigeria	42,812	-	718,827	-	-	761,639
Due from banks	472,269	-	-	-	-	472,269
Pledged assets	5,782	10,075	-	228	-	16,085
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	491,094	258,996	264,879	286,396	111,895	1,413,260
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	15,302	31,361	14,373	5,739	7,356	74,131
- Debt instruments at fair value through other comprehensive income	273,076	71,358	26,144	98,285	177,609	646,472
- Equity instruments at fair value through other comprehensive income	260	-	-	-	52,432	52,692
- Debt instruments at amortised cost	55,802	11,571	754	23,945	6,371	98,443
Other assets	224,883	4,498	7,102	23,451	-	259,934
Total	1,581,280	387,859	1,032,079	438,044	355,663	3,794,925
- Group						
In millions of Naira	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
Liabilities						
Deposits from bank	-	-	-	-	-	-
Deposits from customers	1,306,833	308,447	998,532	142,693	228,309	2,984,814
Derivative financial assets	1,433	-	-	-	-	1,433
Debts issued and other borrowed funds	21,483	5,030	6,160	186,585	12,181	231,439
Other liabilities	152,922	2,651	88,295	1,331	-	245,199
Total	1,482,671	316,128	1,092,987	330,609	240,490	3,462,885
Net	98,609	71,731	(60,908)	107,435	115,173	332,040

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

40 Maturity Analysis of Assets and Liabilities - continued

	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
In millions of Naira						
31 December 2024						
Cash and balances with Central Bank of Nigeria	90,038	-	777,087	-	-	867,125
Due from banks	569,455	-	-	-	-	569,455
Pledged assets	16,324	2,801	9,321	229	-	28,675
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	431,100	157,725	168,788	248,744	97,613	1,103,970
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	25,516	141	635	567	632	27,491
- Debt instruments at fair value through other comprehensive income	165,679	21,411	91,417	71,490	135,532	485,529
- Equity instruments at fair value through other comprehensive income	-	-	-	-	48,635	48,635
- Debt instruments at amortised cost	17,794	-	16,516	33,141	13,918	81,369
Other assets	164,007	26,298	2,596	27,063	-	219,964
Total	1,479,913	208,376	1,066,360	381,234	296,330	3,432,213
Deposits from bank	49,364	-	-	-	-	49,364
Deposits from customers	1,010,145	238,394	771,751	191,624	306,598	2,518,512
Debts issued and other borrowed funds	-	43,776	119,649	71,165	13,300	247,890
Other liabilities	396,164	-	563	-	-	396,727
Total	1,455,673	282,170	891,963	262,789	319,898	3,212,493
Net	24,240	(73,794)	174,397	118,445	(23,568)	219,720

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

40 Maturity Analysis of Assets and Liabilities - continued

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled as at 31 December 2024.

- Company

31 December 2025

Maturity analysis of assets and liabilities

In millions of Naira

Assets

	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	8,471	-	-	-	-	8,471
Pledged assets	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in securities :	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-	-	-
Other assets	11,864	-	-	-	-	11,864
Total	20,335	-	-	-	-	20,335
Deposits from banks	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	-	-	-	-
Other liabilities	7,680	-	-	-	-	7,680
Total	7,680	-	-	-	-	7,680
Net	12,655	-	-	-	-	12,655

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

40 Maturity Analysis of Assets and Liabilities - continued

Bank

31 December 2024

In millions of Naira

Maturity analysis of assets and liabilities

	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	14,735	-	-	-	-	14,735
Pledged assets	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in securities :	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-
Other assets	5,632	-	-	-	-	5,632
Total	20,367	-	-	-	-	20,367
Deposits from banks	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	-	-	-	-
Other liabilities	717	-	-	-	-	717
Total	717	-	-	-	-	717
Net	19,650	-	-	-	-	19,650

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41 Fair Value of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 2.2.19. The Group measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value measurement hierarchy for assets & liabilities as at 31 December 2025:

- GROUP

In millions of Naira	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Pledged assets – FVOCI	18.1	-	-	-	-
Debt instruments at FVTPL	21(a)	74,131	-	-	74,131
Debt instruments measured at FVOCI	21(b)	646,472	-	-	646,472
Equity instruments at fair value through other comprehensive income	21(c)	-	-	52,692	52,692
Equity instruments at fair value through other comprehensive income	21(b)	-	-	646,472	646,472
Equity instruments at fair value through other comprehensive income	21(c)	-	-	52,692	52,692
Investment in Gold measured at (FVTPL)	23(b)(iii)	3,671	-	-	3,671
Investment in Gold measured at (FVOCI)	23(b)(ii)	5,730	-	-	5,730
Accounts receivables measured at (FVOCI)	23(a)	-	-	37,958	37,958
Assets for which fair value are disclosed					
Due from banks		472,269	-	-	472,269
Pledged assets at Amortised cost		948	-	15,137	16,085
Loans and advances to customers		-	-	1,345,904	1,345,904
Debt instruments at amortised cost		-	-	59,698	59,698
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	2,984,814	2,984,814
Other borrowed funds		-	-	225,710	225,710
Debt securities issued		-	-	-	-
- 31 December 2024					
Pledged assets – FVOCI	18.1	18,112	-	-	18,112
Debt instruments at FVTPL	21(a)	27,491	-	-	27,491
Debt instruments measured at FVOCI	21(b)	485,529	-	-	485,529
Equity instruments at fair value through other comprehensive income	21(c)	-	-	48,635	48,635
Assets for which fair value are disclosed					
Due from banks		569,455	-	-	569,455
Pledged assets at Amortised cost		10,563	-	-	10,563
Loans and advances to customers		-	-	1,082,258	1,082,258
Debt instruments at amortised cost		79,589	-	-	79,589
Liabilities for which fair values are disclosed:					
Deposits from banks		49,364	-	-	49,364
Deposits from customers		-	-	2,518,512	2,518,512
Other borrowed funds		-	-	174,749	174,749
Debt securities issued		31,549	-	-	31,549

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41 Fair Value of financial instruments- continued

Fair value measurement hierarchy for assets & liabilities as at 31 December 2025

- COMPANY

In millions of Naira		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Pledged assets – FVOCI	18.1	-	-	-	-
Debt instruments at FVTPL	21(a)	-	-	-	-
Debt instruments measured at FVOCI	21(b)	-	-	-	-
Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-
Assets for which fair value are disclosed					
Due from banks		8,471	-	-	8,471
Pledged assets at amortised cost		-	-	-	-
Loans and advances to customers		-	-	-	-
Debt instruments at amortised cost		-	-	-	-
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	-	-
Other borrowed funds		-	-	-	-
Debt securities issued		-	-	-	-

- 31 December 2024**Assets measured at fair value**

Pledged assets – FVOCI	18.1	-	-	-	-
Debt instrument at FVTPL	21(a)	-	-	-	-
Debt instrument measured at FVOCI	21(b)	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-
Assets for which fair value are disclosed					
Due from banks		14,735	-	-	14,735
Pledged assets at Amortised cost		-	-	-	-
Loans and advances		-	-	-	-
Debt instrument at Amortised cost		-	-	-	-
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	-	-
Other borrowed funds		-	-	-	-
Debt securities issued		-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41 Fair Value of financial instruments - continued

Group	Carrying amount		Fair value amount	
	2025	2024	2025	2024
In millions of Naira				
Financial assets				
Cash and balances with Central Bank of Nigeria	761,639	867,125	761,639	867,125
Due from banks	472,269	569,455	472,269	569,455
Pledged assets	16,085	28,675	16,020	28,675
Loans and advances to customers	1,413,260	1,103,970	1,345,904	1,082,258
Investment in securities:				
- Financial assets at fair value through profit or loss	74,131	27,491	74,131	27,491
- Debt instruments at fair value through other comprehensive income	646,472	485,529	646,472	485,529
- Equity instruments at fair value through other comprehensive income	52,692	48,635	52,692	48,635
- Debt instruments at amortised cost	98,443	81,369	59,698	79,589
Accounts receivable	143,751	163,470	143,751	163,470
Total	3,678,742	3,375,719	3,572,576	3,352,227
Financial liabilities				
Deposits from banks	-	49,364	-	49,364
Deposits from customers	2,984,814	2,518,512	2,984,814	2,518,512
Derivative financial liabilities	1,433	-	1,433	-
Other borrowed funds	231,439	213,834	225,710	174,749
Debt securities issued	-	34,056	-	31,549
Customer deposits for foreign trade	52,143	266,750	52,143	266,750
Creditors and accruals	86,367	53,665	86,367	53,665
Total	3,356,196	3,136,181	3,350,467	3,094,589
Company				
In millions of Naira				
Financial assets				
Cash and balances with Central Bank of Nigeria	-	-	-	-
Due from banks	8,471	14,735	8,471	14,735
Pledged assets	-	-	-	-
Derivative financial assets	-	-	-	-
Loans and advances to customers	-	-	-	-
Investment in securities:				
- Financial assets at fair value through profit or loss	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-
Total	8,471	14,735	8,471	14,735
Financial liabilities				
Deposits from banks	-	-	-	-
Deposits from customers	-	-	-	-
Other borrowed funds	-	-	-	-
Debt securities issued	-	-	-	-
Customer deposits for foreign trade	-	-	-	-
Creditors and accruals	793	66	793	66
Total	793	66	793	66

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41 Fair Value of financial instruments - continued

The following methods and assumptions were used to estimate the fair values:

Assets for which fair value approximates carrying value

The management assessed that cash and balances with Central Bank of Nigeria, creditors & accruals and customer deposit for foreign trade approximate their carrying amounts largely due to the short-term maturities of these instruments. For financial assets and financial liabilities that are without a specific maturity; it is assumed that the carrying amounts approximates their fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the quoted bonds and treasury bills are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of the remaining FVOCI financial assets are measured using quoted market prices in active markets which are adjusted for using the accrued interest to date.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2025 was assessed to be insignificant.

For loans and advances, a discounted cash flow model is used based on various fair value of the loan portfolio by discounting the future cash flows on these loans using interest rates on loans and remaining days to maturity of each of the cash flows.

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits and debt issued are based on discounted cash flows using prevailing money-market interest rates for deposits and debts with similar credit risk and maturity.

Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 December 2025 N'million	Fair value as at 31 December 2024 N'million	Valuation technique	Unobservable input	Range of estimates for unobservable inputs (31 December 2025)	Range of estimates for unobservable inputs (31 December 2024)	Relationship of unobservable inputs to fair value
Unquoted Equity	52,692	48,635	P/BV and EV/EBITDA	P/BV multiples	0.72x - 2.27x	0.78x - 1.46x	Significant increase in P/BV, would result in higher fair values. Significant reduction would result in lower fair values
				EV/EBITDA multiples	9.73x - 16.68x	9.70x - 28.52x	Significant increase in EV/EBITDA, would result in higher fair values. Significant reduction would result in lower fair values
			Discounted Cashflow (DCF)	Weighted Average Cost of Capital (WACC)	22.5% - 25.5%	-	Significant increase in WACC, would result in lower fair values. Significant reduction would result in higher fair values.
				Terminal Growth Rate (TGR)	4% - 5%	-	Significant increase in TGR, would result in higher fair values. Significant reduction would result in lower fair values.

Level 3 fair value measurements - Effect of unobservable inputs on fair value measurement

The table below sets out information about significant unobservable inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Key Assumption	Effect on Other Comprehensive Income			
	Dec. 2025		Dec. 2024	
	5% Increase N'million	5% Decrease N'million	5% Increase N'million	5% Decrease N'million
P/BV and EV/EBITDA multiples	1,867	(1,867)	1,838	(1,838)
Key Assumption	14% Increase		14% decrease	
	N'million		N'million	
	445	(445)	445	(445)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

42 Compliance with banking regulations

The Group did not incur penalty on contraventions of Central Bank of Nigeria's guidelines and circulars for the year ended December 31, 2025.

43(a) Customer Complaints

In line with Circular No: FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the year ended 31 December 2025 is as set out below:

Group

Financial year	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
	2025	2024	2025	2024	2025	2024
			In millions of Naira		In millions of Naira	
Pending complaints b/f	7,046	5,141	4,331	4,331	N/A	N/A
Complaints received	484,966	703,616	147,293	199,633	323	127
Complaints resolved/Cancelled tickets	488,604	701,711	146,174	199,645	323	127
Unresolved complaints escalated to CBN for intervention	0	0	0	0	N/A	N/A
Unresolved complaints pending with the bank c/f	3,408	7,046	5,450	4,319	N/A	N/A

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

43(b) Report to the CBN on Fraud and Forgeries

In line with Section 5.1.2 (L) of the CBN Code of Corporate Governance, the breakdown of fraud and forgeries for the year is presented below:

Group

	2025	2024
Number of fraud incidents	26	31
Amount involved (N'000)	2,251,467	830,633
Amount involved (\$'000)	0	0
Actual/Expected Loss (N'000)	1,664,813	810,941
Actual/Expected Loss (\$'000)	0	0

44 Card Usage data

In line with the Central Bank of Nigeria guidelines for card issuance and usage in Nigeria, Section 11.0, the report on card issuance and usage for the year ended 31 December 2025 is set out below:

Group

Product	31 December 2025		31 December 2024	
	Volume	Value N'million	Volume	Value N'million
Visa	70	7,881	914	1,564
Mastercard	5,967	16,324,527	88,363	312,556
Verve	28,601	205,088,080	526,952	2,216,280
Afrigo	90,800	2,061,676	-	-

45 Whistle Blowing

The Group complied with the provisions of CBN circular FPR/DIR/CIR/GEN/01/004, Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in Nigeria Banking Industry, for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

46 Non-Audit Services

During the year, the Group's auditor, Deloitte & Touche, provided the following permissible non-audit services to the Bank:

Description of the service	2025 <i>In millions of Naira</i>
i) Independent Assessment of the Risk Management Function	9.35
ii) Independent review of Corporate Governance	5.65
iii) Independent review and attestation of Internal Control over Financial Reporting (ICFR)	56.90

In the Group's opinion, the provision of these services did not impair the independence and objectivity of the external auditor as adequate safeguard was put in place.

47 Public Offer Capital Raise

In furtherance of its recapitalisation plan, the Company completed a public offer for the subscription of ordinary shares in September 2025. Subsequent to the reporting date, the accepted proceeds of the offer have received approvals from the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC).

This marks the conclusion of the Company's recapitalisation programme and it ensures that its banking subsidiaries continue to meet the revised minimum capital requirements prescribed by the CBN for deposit money banks operating in Nigeria.

OTHER NATIONAL DISCLOSURES

STATEMENTS OF VALUE ADDED

	Group				Company			
	2025	%	2024	%	2025	%	2024	%
<i>In millions of Naira</i>								
Gross earnings	486,799		337,192		15,006		14,044	
Interest expense	(158,417)		(124,012)		(257)		-	
	328,382		213,180		14,749		14,044	
Net impairment	(32,922)		(10,784)		-		-	
Bought-in-materials and services -local	(146,719)		(119,582)		(2,093)		(1,803)	
Value added	148,741	100	82,814	100	12,656	100	12,241	100
Applied to pay:								
Employee as wages, salaries and pensions	53,748	36	31,327	37	1,739	14	687	2
Income taxes	10,442	7	2,187	3	1,734	14	1,075	-
Retained in business:								
Depreciation and amortisation	8,217	5	5,625	7	188	1	80	-
Profit for the year	76,334	51	43,675	53	8,995	70	10,399	98
	148,741	99	82,814	100	12,656	99	12,241	100

Value added is the wealth created by the efforts of the Group and its employees. This statement shows the allocation of that wealth among the employees, shareholders, government and amount re-invested for creation of further wealth.

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2025	2024	2023	2022	2021
	STERLING FINANCIAL HOLDING COMPANY PLC			STERLING BANK PLC	
<i>In millions of Naira</i>				Restated*	
ASSETS					
Cash and balances with Central Bank of Nigeria	761,639	867,125	604,599	431,488	370,873
Due from other banks	472,269	569,455	234,953	86,459	94,850
Pledged assets	16,085	28,675	11,272	23,098	10,786
Derivative financial assets	-	-	276	807	-
Loans and advances to customers	1,413,260	1,103,970	895,822	737,735	711,900
Investment securities:					
- Financial assets at fair value through profit or loss	74,131	27,491	2,112	921	10,237
- Debt instruments at fair value through other comprehensive income	646,472	485,529	316,204	230,636	168,847
- Equity instruments at fair value through other comprehensive income	52,692	48,635	36,906	25,227	17,956
- Debt instruments at amortised cost	98,443	81,369	130,730	106,889	102,225
Other assets	259,934	219,964	242,110	171,911	96,554
Property, plant and equipment	69,359	56,974	31,987	17,913	16,939
Right-of-use asset	10,530	12,106	9,103	8,342	8,141
Investment property	11,658	4,036	4,790	5,584	6,918
Intangible assets	3,205	3,263	721	950	1,081
Deferred tax assets	21,965	33,348	9,507	7,005	6,971
	3,911,642	3,541,940	2,531,092	1,854,965	1,624,278
Non-current assets held for sale	-	-	-	3,027	-
TOTAL ASSETS	3,911,642	3,541,940	2,531,092	1,857,992	1,624,278
LIABILITIES					
Deposits from banks	-	49,364	-	37,178	15,568
Deposits from customers	2,984,814	2,518,512	1,842,815	1,327,805	1,208,753
Derivative financial liabilities	1,433	-	-	-	-
Current income tax liabilities	7,896	3,382	1,468	1,607	1,074
Other borrowed funds	231,439	213,834	208,685	133,270	116,450
Debt securities issued	-	34,056	33,959	42,388	42,327
Other liabilities	245,199	396,727	257,910	160,257	102,367
Provisions	2,336	576	724	1,489	1,180
Deferred tax liabilities	9,822	20,330	1,927	-	-
TOTAL LIABILITIES	3,482,939	3,236,781	2,347,488	1,703,994	1,487,719
NET ASSETS	428,703	305,159	183,604	153,998	136,559
EQUITY					
Share capital	27,345	22,729	14,395	14,395	14,395
Share premium	139,742	108,292	42,759	42,759	42,759
Retained earnings	65,887	63,073	42,506	44,922	34,341
Other components of equity	195,729	111,065	83,944	51,922	45,064
Attributable to equity holders of the Bank	428,703	305,159	183,604	153,998	136,559
Other Commitments and Contingencies	612,038	352,549	405,642	253,220	222,430
PROFIT OR LOSS ACCOUNT	2025	2024	2023	2022	2021
<i>In millions of Naira</i>				Restated*	
Gross earnings	486,799	337,192	221,773	175,140	150,153
Profit before income tax expense	86,776	45,862	22,693	20,757	16,062
Income tax expense	(10,442)	(2,187)	(1,109)	(1,459)	(1,040)
Profit after tax	76,334	43,675	21,584	19,298	15,022
Earning per share in Kobo (Basic/Diluted)	152k	151k	75k	67k	52k
Dividend per share in Kobo	0k	18k	0k	15k	10k