Company registration no. 06621225

FCMB Bank (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2024

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Officers and Professional Advisers

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Company Information

Directors	**Position**
Frank A. le Roex	Non-Executive Director and Chairman (Resigned 31 December 2024)
Albert Maasland	Independent Non-Executive Director and Chairman Designate (Appointed 1 June 2024)
Amy Kirk	Independent Non-Executive Director
Richard P. Jones	Independent Non-Executive Director
Susannah Aliker	Independent Non-Executive Director
Colin Fraser	Executive Director and Chief Executive Officer (Resigned 5 November 2024)
Derren Sanders	Executive Director and Interim Chief Executive Officer
Ladipupo O. Balogun	Non-Executive Director
Gerald O. Ikem	Non-Executive Director (alternate to Ladipupo. O. Balogun)
Titilope O. Edun	Non-Executive Director (Appointed:1 October 2024)
Oluwatoyin Olaiya	Non-Executive Director

Company Secretary
Kathryn Firth (Appointed: 23 January 2025)

Registered Office
81 Gracechurch Street
London
EC3V 0AU

Independent Auditor
MHA
2 London Wall Place
London
EC2Y 5AU

Bankers
Standard Chartered Bank
1 Basinghall Avenue
London
EC2V 5DD

Citibank N.A.
399 Park Avenue
New York
NY 10022

Strategic Report

Company registration no. 06621225

For the year ended 31 December 2024

The Directors present their Strategic Report for FCMB Bank (UK) Limited ("the Bank") for the year ended 31 December 2024.

Business Activities and Developments

The Bank has undergone a transitional year in terms of redefining its long-term strategy with a focus on digital transformation, as well as a change in leadership. This work on strategy definition has been undertaken alongside strong performance in its core businesses which has enabled another year of strong profitability, despite the additional investment costs incurred. The Bank's strategy reflects the collective vision of the Board, shareholder and management for transformative growth. It has been developed in alignment with the evolving competitive landscape, emerging opportunities, shifting market dynamics, and the broader global economic outlook.

During the year the Bank expanded its Trade Finance lending book with further efforts to diversify the book and make efficient use of the capital generated through retained profits. Continued progress was also made to broaden trade and corporate relationships with financial institutions and other counterparties through Master Risk Participation Agreements. This growth is set to continue.

The Bank continues to maintain a vigilant and pro-active focus on managing risk as economic conditions in Nigeria, certain other African countries, the UK and internationally remained challenging.

The treasury operations of the Bank have successfully managed liquidity and the funding requirements of the Bank by using a broad network of international correspondent banking relationships, deposit aggregators and investment managers. In addition, the Bank launched an eFX proposition, providing a platform for customers to operate FX business electronically on-line. This is expected to grow significantly in 2025.

The Bank continues to be domiciled in the UK, operating from a central London office and providing services to customers and counterparties focussed on Sub-Saharan Africa and other geographies, with a particular focus on Nigeria. The Bank's principal products and propositions include:

- Deposit taking, including operating / current accounts.
- Trade finance.
- Commercial and syndicated lending.
- Buy to let Mortgages.
- Treasury operations, including money market and forex, including eFX, and the management of an investment portfolio, including bonds and fixed income securities.
- Digital banking services, which are currently in pre-launch phase, with further significant developments expected in 2025 under the Rova brand – see below.

Future Developments of the Business

Strategic Planning and Objectives
The Board of Directors has defined key strategic transformation initiatives aimed at achieving the Bank's long-term objectives by 2030. The strategy focuses on enhancing the Bank's value proposition, expanding its range of products and services, and strengthening its presence particularly within the UK-Africa corridor. This will be driven by a combination of digital innovation and business model transformation.

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Progress on Implementation
To ensure effective execution, the Bank has established a structured governance framework, including a weekly Transformation Initiatives Review. This forum consolidates all strategic projects into a cohesive transformation programme, enabling close monitoring of progress against defined objectives. Each initiative is led by an executive sponsor and a designated delivery lead, with regular reviews of key risks, challenges, and dependencies to ensure timely resolution and alignment with strategic goals.

Future Roadmap
With a solid foundation in place, the Bank remains committed to executing its strategic initiatives with discipline and agility. The three strategic growth drivers will be as follows:

- Intensify growth of Transaction Business with activated Business Development and needs-based product offerings to grow the number of new customers.
- Broaden and deepen FI relationships and network of international financial institution partners.
- Co-create product & service value propositions for Transaction Banking with selected known-to-parent UK based customers.

The actualisation of the three strategic growth drivers is dependent on key process, technology and human capital enablers. At the core of this transformation is financial resilience, ensuring sustainable growth and performance while delivering on its long-term strategic ambitions.

Flowing from the long-term strategic plan, key medium term strategic priorities are approved by the Board annually and monitored through both an annual Balanced Scorecard and related KPIs, with input from shareholder representatives and FCMB Group executives.

The Directors consider that the Bank is well positioned to respond promptly to short-term market fluctuations and events.

Financial Results at the Reporting Date

The Directors are presenting the Bank's financial statements under UK adopted international accounting standards (International Financial Reporting Standards) and the requirements of the Companies Act 2006.

The profit before tax for the year ended 31 December 2024 was $3.30 million (2023: profit $5.64 million). Net interest income remained flat at $17.8 million, with both interest income and interest expense increasing due to the higher interest rate environment. Gross interest income increased by $4.47 million, primarily due to the increase in Trade Finance assets. Total interest expense increased by $4.51m, due to both increased funding levels and funding rates. Despite the higher interest rate environment throughout 2024, and through strong liquidity management, the Bank managed to keep its cost of funds to 4.32% (2023: 3.43%), utilising close relationships with a variety of depositors and deposit aggregators.

Customer fee income was $1.56 million, up from $1.10 million in 2023, largely due to increased fee generating Letter of Credit business in Trade Finance, as well as an increase in Corporate Banking fee income.

Operating expenses increased by $2.05 million (13%) to $17.66 million (2023: $15.61 million) due to increased investment in the core business, development of the new long-term strategy, as well as continued build out of the bank's Digital Borderless Banking proposition ("Rova"), with strong support from the Group.

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The Bank's total assets as at 31 December 2024 stood at $521 million (2023: $461 million). The increase year on year at the respective balance sheet dates was primarily as a result of increased funding levels to support the growth in Trade Finance assets as well as HQLA.

Capital Position

Capital usage is closely monitored, with each lending opportunity carefully reviewed against other available opportunities in order to maximise capital efficiency. The Bank continues to report healthy capital ratios and closed the year with a CET1 capital ratio of 16.1%, and a total capital ratio of 18.9%.

Credit Risk and Expected Credit Loss ("ECL") Provision

Credit risk management continued to be strong. The Bank takes a prudent view on the calculations of expected credit losses, resulting in a total provision held at 31 December 2024 was $3.99 million (2023: 5.01 million). At 31 December 2023 the Bank had two exposures in Stage 3 relating to Ghana. The bond exposure was restructured in October 2024 as expected and is now performing. The resultant write-off relating to this exposure was adequately provided for in 2023 through the ECL and is the primary reason for the reduction in ECL in 2024. The Ghana loan exposure is still outstanding and yet to be restructured, and the ECL is provided for.

The Bank's ECL provision is calculated in accordance with International Financial Reporting Standard 9. In applying this, the Bank utilises sophisticated ECL models which reflect present economic conditions and forward-looking data.

The Bank's ECL models reflect present economic conditions and forward-looking data. They are regularly reviewed and updated to ensure emerging trends in best practice are considered, and that there is an appropriate level of sophistication and alignment to the current economic landscape.

Key Performance Indicators

The Bank monitors the business using a range of measures, including key performance indicators, which include the following:

	2024	**2023**	
	$ million	**$ million**	**Change**
Net operating income	20.96	21.25	-1%
Total operating expenses	17.66	15.61	13%
Profit before tax for the year	3.30	5.64	-41%
Net interest margin	3.74%	3.96%	-6%
Total capital ratio	18.9%	20.8%	-9%
Total assets	521	461	13%

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Regulatory Capital

	31 December 2024 $ million	31 December 2023 $ million
Tier 1 capital		
Share capital	53.90	53.90
Retained earnings and other reserves	3.04	(3.15)
Deduction of intangibles	(0.62)	(0.54)
Other capital adjustments	(0.85)	(0.18)
Tier 2 capital	9.60	9.60
Total regulatory capital	65.07	59.63

The total regulatory capital requirement as at the 31 December 2024 (including all buffers) was $55.15 million (2023: $49.78 million).

The liquidity coverage ratio as at 31 December 2024 was 418% (2023: 838%), against a regulatory requirement of 100%.

Disclosures of information recommended under Basel, Pillar 3 are available at the Bank's registered office and also on the website www.fcmbuk.com .

Board Engagement with Stakeholders and S. 172 (1) Statement

Section 172 of the Companies Act 2006 requires the Directors to act in the way he or she considers, in good faith, which would be most likely to promote the success of the Bank for the benefit of its members as a whole. In doing this, section 172 requires Directors to have regard, among other matters, to the likely consequences of any decision in the long term; the interests of the Bank's employees; the need to foster the Bank's business relationships with suppliers, customers and others; the impact of the Bank's operations on the community and the environment; the desirability of the Bank maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Bank.

The Directors consider these factors in discharging their duties under section 172. The Bank operates its Corporate Governance with proportionate consideration to diversity, equality, inclusion, conflicts of interest management, information disclosures, climate change readiness, board composition and committee structures, aiming to treating all customers and stakeholders fairly.

Colleagues

The Bank believes that its colleagues are the foundation of its business. Building a culture of inclusivity where colleagues feel a sense of belonging is the heartbeat of the firm. The Bank is committed to continuing to build a diverse and equitable workplace by developing and retaining the best talent. In 2024, the Bank sought to carry out a review of the Diversity, Equality and Inclusion approach to ensure that the Bank is aligned with emerging best practice and expectations of colleagues. The Bank has a Diversity, Equality, and Inclusion (DEI) champion to ensure this topic has appropriate focus and meets our regulatory requirements.

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During the year, as directed and approved by the Board, the Bank implemented further revisions and enhancements to its Human Resources policies with the goal of ensuring that all colleagues are well supported, trained and developed, motivated and led in a consistent manner. The Bank utilises a HR support service with a comprehensive, bespoke online information portal, which also provides access to an employee assistance helpline, including support for mental health issues.

The Bank provides benefits to colleagues such as Group Life Cover Scheme, Group Income Protection Scheme, and a Private Health Care Scheme which includes an Employee Assistance Program.

Further embedding a culture of development and feedback, the Bank regularly undertakes comprehensive anonymous employee feedback surveys, using both an employee Net Promoter Score (eNPS) methodology and internal Net Promoter Score (iNPS) methodology, as well as written feedback. This approach is aligned to that utilised across the Group and provides valuable insights into the perceptions, needs and expectations of all colleagues. Management regularly reviews the outputs from these surveys with the leadership team, the Board and colleagues. Action plans have been created to address key themes and incorporated into the HR transformation programme to further improve the working environment. This HR transformation plan is ongoing which will continue to put colleagues at the centre of what we do as a Bank, with oversight being provided by the Remuneration and People Committee.

Further, the Bank continues to provide opportunities and encourages all colleagues to develop and enhance their personal and professional skills through strongly supporting various internal and external training programmes, as well as through professional training programmes and certifications.

In addition, monthly town hall meetings are held, wherein the CEO and other leadership team members brief colleagues on Board deliberations, the Bank's direction, and key performance aspects, ensuring a strong and consistent tone from the top.

Customers

The Bank recognises the criticality of good and efficient customer services and relationship management. The centrality of customer is enshrined in the product development, marketing, governance and customer onboarding processes of the Bank. The Bank is focused on ensuring its products and service delivery lead to positive and beneficial outcomes for its customers, clients and counterparties. The principles of Consumer Duty are integrated into the Bank's operations and actively monitored through its Customer and Product Committee with key issues and metrics escalated to the Executive Committee where required and necessary.

The Bank regularly undertakes anonymous customer feedback surveys, using a customer Net Promoter Score (cNPS) methodology, the results of which are reviewed by Management with action plans being produced and delivered to enhance the customer experience.

The Bank continues to undertake reviews of its AML, KYC, and financial crime management processes: such reviews also take into consideration customer experience wherever possible. The Bank is focused on delivering high standards of business conduct, and management have spent considerable time driving improvements in the past year.

The Board and executive level committees regularly receive information covering key aspects of customer engagement, information on the treatment of customers, including customer complaints and financial performance. Various representatives from the Bank attend and address customer events, including sponsoring customer driven initiatives.

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Regulators

FCMB Bank (UK) Limited is a regulated bank with deposit taking permissions. Proactive communication and information sharing with the PRA and the FCA take place at regular frequencies, in addition to the structured periodical regulatory reporting. The executive management meets the relationship team at the PRA at least on an annual basis for a strategy review. The Bank has a horizon scanning process in place and reviews all "Dear CEO" letters or similar to ensure it is aligned with the key regulatory priorities and guidance.

Risk Management

Based on its strategic business and operational objectives, the Bank is exposed to a wide range of risks such as credit, liquidity, market, currency, operational, cyber / technological, strategic and regulatory risks. The Board considers that effective risk management is critical to the achievement and sustainability of the Bank's strategic business objectives.

A robust and proportionate enterprise-wide risk management framework has been built to support the governance process with various management committees that have clearly defined terms of references and individuals having specific responsibilities. The risk management practices are integrated and structured to identify, measure, monitor, anticipate and develop suitable mitigants to risks that may affect the achievement of the Bank's objectives.

Responsibility for risk management policies, limits and other measures of risk appetite lies with the Board through the Board Risk & Compliance Committee ("BRCC"), which has further delegated responsibility for developing, implementing and updating these policies, control systems and limits to MRCC and executives such as the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Money Laundering staff and the senior management team. The risk management framework and risk appetite statement are reviewed and updated as part of an annual review process and as and when necessary and approved by BRCC and subsequently the Board.

The Board, along with various management committees, provides appropriate support to assess the implications of the economic performance of the target markets, socio-political developments, and changes in the regulatory environment on the business in order that the strategic direction of the risk management framework is current and, as far as possible anticipates events so that corrective actions are taken in a timely manner.

More detailed disclosures relating to the Bank's principal risks and uncertainties along with the manner in which these are measured and managed are contained in note 24 to the financial statements.

Internal Audit

The Bank operates the Three Lines of Defence model and uses Grant Thornton as an outsourced Internal Audit function. Every year both Board and Management review the Internal Audit plan, along with Grant Thornton, to agree the planned audits for the upcoming year. Once agreed, these audits are delivered with the resultant reports reviewed at Management Risk & Compliance Committee as well as the Board Audit Committee ("BAC") and the wider Board.

In addition, BRCC also continues to provide management with clear, comprehensive analysis of the adequacy, existence and effectiveness of internal controls and risk processes.

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Management of climate change risks and environmental, social and governance (ESG)

The Bank is committed to playing its part in contributing to, facilitating and leading the management of climate change risk and environmental, social and governance matters across business lines and markets, particularly in African business. It is developing proportionate actions to respond to climate and ESG related risk considerations and integrating them into management processes and risk appetite. The Bank recognises that the process is continuing and has a long implementation trajectory. This approach is not solely focused on the next few years but, rather, 10,20,30 years ahead in alignment with global net zero objectives by 2050. Ultimately, the Bank also plans to use sector-specific transition frameworks to help and guide its financing of activities which support net zero climate goals.

The Board take ESG risks seriously and have had various senior executives leading this programme with the incumbent for 2024 being the Chief Risk Officer. An ESG Working Group has been established with membership representing both the Bank's business lines and control functions.

During 2024, the Bank engaged the Disruption House, a specialist consultancy in ESG, to provide gap analysis and advice on progress in the ESG agenda. The results of this report will provide additional focus to the ESG roadmap and support relevant actions in the future. The Bank has also developed an ESG Policy, which sets out its approach to sustainability matters. At the heart of the policy is a corporate culture that has sustainability at the core of all the Bank's business operations and values.

The Bank strives to build sustainable, equitable, healthy, and diverse communities through a combination of innovative business practices and ESG performance. This commitment informs all aspects of the Bank's business, including how the Bank designs and builds new projects, operates the firm, collaborates with stakeholders and reports progress.

As a business, the Bank has a duty to its people, customers, and wider communities. ESG gives the Bank an opportunity to bring those impacts together. The Bank values investing in its people as it values protecting the environment and being a good corporate citizen.

Geopolitical matters

The geopolitical environment remains unstable and a matter of heightened and ongoing scrutiny for the Board and management. The Bank continues to assess the impact of various global conflicts, interest rates, and inflationary pressures including on our core African markets, and following elections and leadership changes in both the UK and US. The Bank has a dynamic monitoring plan in place related to country exposures, including a country watch list which is reviewed at Management Credit Committee to ensure it stays ahead of any upcoming issues. Key scenarios are built into the Bank's stress testing processes including both ICAAP and ILAAP, which are updated and approved by Board annually.

Nigeria Economy

During 2024, the Nigerian government continued to implement its policy reform programme, two of the most notable elements being the removal of fuel subsidies and reforms in the foreign exchange market, resulting in devaluation of the naira. Depreciation of the naira had stabilised by the end of the year, providing comfort to investors and generating an increased flow of inward international investment.

It is positive to report that the shortages of hard currency previously experienced have now all but disappeared as a result of the foreign exchange reforms, benefiting the flow of funds between Nigerian and international businesses.

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The economic outlook for 2025 is positive as the year 2024 saw a moderate increase in oil output generating increased foreign exchange reserves as well as the production of refined petroleum from the newly commissioned Dangote oil refinery. However, persistently high inflation during 2024 as a result of removal of the subsidies and implementation of tariffs continued to place a strain on Nigerian household budgets. The government is pursuing an aggressive monetary tightening policy in order to combat inflation and maintain stability of the naira.

In the banking sector, Nigerian banks continue to face headwinds from the regulator but are generally in good health. The meeting of recapitalisation requirements for Nigerian banks, announced in Q1 2024 and due to be implemented in Q1 2026, is well underway. Nigeria remains on the Bank's Watch list and the Nigerian economy and related counterparties are monitored rigorously. The Bank successfully works with its counterparties to identify mutually beneficial business streams which fall within the Bank's risk appetite.

Corporate Governance Report

Good corporate governance is fundamental to the long-term success of the Bank. This report explains the Board's roles and activities, and how corporate governance operates in the Bank.

The Board takes account of the views of the Bank's shareholder and has regard to wider stakeholder interests and other relevant matters in its discussions and decision-making. The Board recognises that stakeholders' interests are integral to the promotion of the Bank's long-term sustainable success. The Board currently consists of nine Directors, namely an independent Chairman, three independent non-executive Directors, three non-executive Directors, an alternate non-executive Director and an executive Director.

The Board as a whole have substantial experience across all aspects of banking in the UK and Nigeria, including relevant skills in financial management, regulatory matters, credit assessment and pricing, liability management, technology, operational and conduct matters. The Board and Board Committees have unrestricted access to management and external advisor to support the fulfilment of their responsibilities. Each Board Committee plays a vital role in supporting the Board in its challenge and overview of the Bank. An overview of each Board Committee responsibilities and activities during the year has been included as part of this report.

The Bank has a Board approved Corporate Governance Manual ("CGM") which outlines the Bank's approach to corporate governance and remains committed to adhering to best practice corporate governance principles. The CGM includes a suite of documents which is reviewed annually, this includes delegations provided by the Board, to Board Committee through defined terms of reference. In 2024 the CGM was not reviewed, pending the appointment of an in-house Company Secretary, which has now taken place. Therefore, a full review of the CGM is planned in 2025.

The Board and Board Committees each meet a minimum of four times a year, where necessary, additional meetings are held to consider specific matters.

Review of Board considerations during the year

During the year the Board met regularly to consider the following matters:

- Review and approval of the Financial Statements for the year ended 31 December 2023;
- Review and consideration of the development of the Rova Proposition;
- Consideration and approval of the Chairman's succession;

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- Consideration to the CEO's succession;
- Recruitment of an in-house Company Secretary;
- Review and consideration of the 2024-2030 Strategic Plan for the Bank;
- Received updates on the Nigerian and UK economy and regulatory outlook;
- Review of Capital Requirements;
- Review and approval of the Annual Consumer Duty report;
- Review and approval of regulatory returns (ILAAP and ICAAP);
- Review and approval of delegated authorities;
- Review and approval of Risk Management Framework and Risk Appetite Statement;
- Review and approval of the 2025 Budget; and
- Review and approval of recovery, resolution and solvent wind down plan.

Review of Remuneration and People Committee work during the year

During the year the Committee met regularly to review remuneration and people matters as summarised below:

- Regular review of the Management Responsibilities Map and Material Risk Takers list.
- Approval of any changes to Management Responsibilities Map and Material Risk Takers list.
- Delegation of approval for changes to the Management Responsibilities Map to the CEO, CFO or CRO;
- Review and approval of the annual Remuneration Policy statement
- Review and consideration of the performance of the Bank and employees against the Balanced Scorecard for 2023;
- Approval of the key performance indicators for 2024 for the Bank and Executive Committee members;
- Regular review of the Banks performance against approved performance indicators
- Review and approval of fixed pay and related increases for all employees;
- Review and approval of Variable Pay awards for Executive Directors, Executive Committee / Senior Managers, and Material Risk Takers, as well as the overall variable pay pool and management's methodology for allocation to employees;
- Review of succession and changes for Executive Committee members and senior managers;
- Regular updates on employee benefits and in particular a review of Pensions arrangements for all employees;
- Review and recommendation to the Board for an increase of non-executive Director fees; and
- Review of the performance of the HR function.

Review of Board Risk and Compliance Committee work during the year

During the year the Committee met regularly to review the full range of risks which have been identified and to consider responses to key and emerging risk categories, along with compliance horizon scanning.

- The following documents were reviewed and recommended to the Board; ICAAP, ILAAP, Risk Management Framework, Risk Appetite Statement, recovery, resolution and solvent wind down plan
- Review and approval of the policy control sheet including the review and approval of the Information Classification and Handling policy, Financial Crime policy and Data Retention Schedule and Policy;
- Quarterly updates on the Compliance Monitoring Programme for 2024;

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- Review and approval of the Annual MLRO Report, Data Protection Officers Report and Annual Compliance Report from the Chief Risk and Compliance Officer;
- Quarterly updates on regulatory matters;
- Review and consideration to changes in the risk profile of the Bank as a result of digitisation and transformation activity;
- Review and consideration to the operational resilience self-assessment for the Bank;
- Consideration of the impact of ESG and Climate Change related risks on the Bank;
- Regular review compliance and risk MI throughout the year and provided guidance / challenge where relevant;
- Review of the Bank's ongoing Consumer duty obligations;
- Annual review of Cyber Security risks and controls; and
- Annual review of Money Laundering and Terrorist Financing Risks.

Review of Board Credit Committee work during the year

During the year the Committee met regularly to review credit risk, credit proposals and the performance of the credit portfolio for the Bank.

- Regular Review of the credit portfolio of the Bank;
- Review and approval of country risk limits;
- Review and recommendation to the Board of the Credit Policy;
- Review and challenge of credit proposals under the delegated authorities;
- Review of recommendations for write offs; and
- Reviewed key drivers and qualitative decisions in calculation of the ECL.

Review of Board Audit Committee work during the year

During the year the Committee met regularly to consider matters relating to the integrity of the financial statements, adequacy of financial controls and internal audit and external audit matters.

- Review and approval of key accounting judgements for the year ended 31 December 2023, including the ECL;
- Received, reviewed and challenged the External Auditor report for the year ended 31 December 2023;
- Review and recommendation to the Board for approval of the Financial Statements for the year ended 31 December 2023;
- Recommendation of the statutory audit fees to the Board for approval;
- External audit planning for 2024 year end;
- Review and approval of the 2024 Internal Audit plan;
- Private sessions with internal and external auditors;
- Review of internal audit reports, including, PBB customer journeys, Anti-Money Laundering, Cyber Security and Trade Finance;
- Review of the outcomes of an internal audit carried out by the Shareholder;
- Recommended the reappointment of MHA as external auditor of the Bank to the Board for approval;
- Review of the Auditor Independence policy;
- Review and recommendation to the Board for approval of the Pillar 3 Disclosures; and
- Review of Whistleblowing processes and procedures and approval of the Whistleblowing policy.

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Executive Governance arrangements

The Board has delegated the day-to-day management and business of the Bank to the executive management and the following executive level committees:

1. **Executive Committee ("EXCO")** - EXCO is mandated to take all steps necessary to conduct the day-to-day business of the Bank within the confines of the Board approved strategy, risk appetite, policies, operating plans and budgets. It meets on a monthly basis and additional meetings are held as the work of the EXCO demands.

2. **Management Risk & Compliance Committee ("MRCC") -** MRCC reviews and monitors the risks the Bank is facing across its business lines, products and geographies against the Board approved risk appetite and more generally, to establish policies and procedures and identify solutions to minimise or mitigate those risks. It meets on a monthly basis and additional meetings are held as the work of the Committee demands.

3. **Management Credit Committee ("MCC") -** This Committee has been delegated the responsibility by the Board to approve, oversee and scrutinise the Bank's credit risk. It meets on a monthly basis and additional meetings are held as the work of the Committee demands.

4. **Assets and Liabilities Committee ("ALCO")** – ALCO is delegated the responsibility to manage the Bank's market, liquidity and balance sheet (asset and liabilities) risks. It meets on a monthly basis and as and when the work of the Committee demands.

5. **Operations and IT Committee ("OpCo")** - OpCo is authorised to review, monitor and prioritise major IT projects of the Bank from a cross-functional perspective and in line with the directives of the Board and regulations, review the Bank's day to day operations support, and oversee the Bank's approach to outsourcing, procurement and continuity. It meets on a monthly basis.

6. **Customer and Product Committee ("C&P")** – Reporting to EXCO, the C&P reviews and approves new products and / or changes to products, as well as undertaking regular reviews of existing products for their alignment to the Bank's objectives, attractiveness to customers, profitability and market positioning. It meets on a monthly basis. The Consumer Duty working group, which was created as part of the Bank's initial implementation of Consumer Duty, has now folded into C&P upon approval of the Bank's readiness, where its work continues.

By order of the Board
For and on behalf of FCMB Bank (UK) Limited

Albert Maasland
Independent Non-Executive Director
19 March 2025

Directors' Report

Company registration no. 06621225

For the year ended 31 December 2024

Directors' Report

The directors present their annual report together with the audited financial statements of FCMB Bank (UK) Limited ("the Bank") for the year ended 31 December 2024.

The Company has chosen, in accordance with section 414C (11) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report, which include business activities and future plans.

Legal Form

The Bank was constituted in the UK in 2008 and is a wholly owned subsidiary of First City Monument Bank Limited ("FCMB"), Lagos (incorporated in 1982) and currently licensed by the CBN to operate as a commercial bank with international authorisation.

FCMB is a wholly owned subsidiary of FCMB Group Plc ("the Group"), a non-operating financial holding company registered under the laws of Nigeria, operating in a wide range of financial services activities. The Group is regulated by the CBN as a non-bank financial institution and listed on the Nigerian Stock Exchange.

The Group is the Bank's ultimate parent.

Principal Activities

The principal activities of the Company is of a banking institution. The Bank is authorised by the Prudential Regulation Authority ("PRA") and is regulated by both the Financial Conduct Authority ("FCA") and the PRA.

Results for the year

The Bank made a profit before tax for the year of $3.30 million (2023: $5.64 million) and has a total balance sheet of $521 million (2023: $461 million).

Dividends

The Directors are not recommending a dividend in respect of the year ended 31 December 2024. (2023: $nil).

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Directors

The Directors who served during the period under review and up to the date of this report were as follows:

Frank A. le Roex	Non-Executive Director and Chairman (Resigned 31 December 2024)
Albert Maasland	Independent Non-Executive Director and Chairman Designate (Appointed 1 June 2024)
Amy Kirk	Independent Non-Executive Director
Richard P. Jones	Independent Non-Executive Director
Susannah Aliker	Independent Non-Executive Director
Colin Fraser	Executive Director and Chief Executive Officer (Resigned 5 November 2024)
Derren Sanders	Executive Director and Interim Chief Executive Officer
Ladipupo O. Balogun	Non-Executive Director
Gerald O. Ikem	Non-Executive Director (alternate to Ladipupo. O. Balogun)
Titilope O. Edun	Non-Executive Director (Appointed:1 October 2024)
Oluwatoyin Olaiya	Non-Executive Director

Company Secretary

Richard Lumley	Company Secretary (Appointed 1 January 2024, Resigned: 1 January 2024)
Derren Sanders	Company Secretary (Appointed 18 January 2024, Resigned: 1 November 2024)
Kathryn Firth	Company Secretary (Appointed: 23 January 2025)

Directors Interest

None of the Directors hold shares in the Bank.

Details of Directors' interests in the shares of the ultimate parent are disclosed in the financial statements of the FCMB Group Plc which are available on request from the Bank (at 81 Gracechurch Street, London EC3V 0AU) or from the parent's office at Primrose Towers, 17A Tinubu Street, Lagos, PO Box 9117, Nigeria or from the group website at www.fcmb.com.

Directors and Officers Insurance

The Bank has arranged qualifying Directors' and Officers' liability indemnity insurance for all of its Directors.

Corporate Governance and Risk Management

The Bank has in place a proportionate and robust corporate governance and risk management framework with strong oversight and operational controls. Executive level management committees review and discuss various strategic, risk and operational matters with high quality and prompt information flow to the Board and its committees.

Further details of the corporate governance and risk management framework are provided in the Strategic Report and the notes to the financial statements. Refer to note 24 for details on financial instrument risk management.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Directors' Report

Company registration no. 06621225

For the year ended 31 December 2024

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards (International Financial Reporting Standards) in conformity with the requirements of the Companies Act 2006 and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether UK adopted international accounting standards, in conformity with the requirements of the Companies Act 2006, have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Bank's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

Going Concern

The Financial Statements have been prepared on a going concern basis. In 2023, the Bank extinguished all of its brought forward losses, which were mostly built up in the Bank's early years of operation, prior to gaining critical mass. The Bank has now moved to having positive retained earnings which have increased in 2024 after another year of profitability. The Bank has a new Board-approved strategic plan in place and is in the process of implementation. Alongside the strategic plan, the Directors have reviewed in detail the Bank's current business activities, business development efforts, corporate governance arrangements, regulatory compliance measures, capital adequacy and liquidity levels.

The Bank's capital adequacy ratio and liquidity buffer are in line with all regulatory requirements and were stress tested in an integrated planning process during 2024, including ICAAP, ILAAP and 3-year business plan. Under all severe and plausible stress scenarios and considering management actions the Bank expects to maintain adequate capital headroom.

Directors' Report

Company registration no. 06621225

For the year ended 31 December 2024

As a result, the Directors have concluded that the Bank is able to continue to operate as a going concern for the foreseeable future, including a period of at least 12 months from the approval of the 2024 Financial Statements. The Directors have also concluded that there are no material uncertainties that could cast significant doubt over the ability of the Bank to continue as a going concern for at least 12 months from the date of this report.

Political Donations

The Bank made no political donations during the year.

Share Capital

The Bank is a private company limited by shares. Details of the Bank's issued share capital, together with details of the movements in the issued share capital during the year, are shown in the Statement of Changes in Equity, within the Financial Statements.

The Bank's share capital comprises one class of ordinary share with a nominal value of $1.00 each. There were no share allotments in 2024.

Post Balance Sheet Events

There were no significant events after year end.

Auditors

MHA have indicated their willingness to continue in office and a resolution will be placed before the Board at its next meeting to propose the reappointment of MHA as its statutory auditors for the 2025 financial year.

By order of the Board
For and on behalf of FCMB Bank (UK) Limited

Albert Maasland
Independent Non-Executive Director
19 March 2025

Independent Auditor's Report

For the year ended 31 December 2024

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of FCMB Bank (UK) Limited. For the purposes of the table on pages 19 to 22 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Bank" or "Company" is defined as of FCMB Bank (UK) Limited. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of FCMB Bank (UK) Limited for the year ended 31 December 2024. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 1 to 33 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2024 and of the Bank's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Board Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included but not limited to:

Independent Auditor's Report

For the year ended 31 December 2024

- The consideration of inherent risks to the Bank's operations and specifically its business model including the evaluation of how those risks might impact on the Bank's available financial resources.
- Making enquiries of the Directors to understand the basis for the period of assessment considered by them, the assumptions they considered and their implication on the Bank's future financial performance, liquidity, and capital adequacy.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Bank's cash flow projections and liquidity risk management in view of its regulatory obligations.
- Understanding and evaluating the current and forecast financial position, regulatory capital adequacy and liquidity, including internal stress tests performed on these.
- Evaluation of the strategic plans of the Bank, and the supporting financial forecasts.
- Reading regulatory correspondence, minutes of meetings of the Board Audit Committee and the Board of Directors and performing post balance sheet events' review to identify events or conditions that may impact the Bank's ability to continue as a going concern.
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2024** $583,000	**2023** $552,900	0.98% (2023: 1% of net assets)
Key audit matters (recurring)			
	1. Allowance for impairment losses – Expected Credit Losses on loans and advances to customers and banks.		

Independent Auditor's Report

For the year ended 31 December 2024

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Allowance for impairment losses – Expected Credit Losses on loans and advances to customers and banks</th></tr>
<tr><td>Key audit matter description</td><td>As of 31 December 2024, Bank reported gross loans and advances to customers and banks of $304.6 million (2023: $257.3 million) and $3.2 million of expected credit losses (2023: $3.2million). – See notes 13 and 14 of the financial statements.

The determination of expected credit loss ("ECL") involves significant management judgements and complex estimates which can have a material impact on the financial statements of the Bank. We therefore identified this as a significant risk of material misstatement and a key audit matter.

The key areas of judgement include:

• Staging – Qualitative and quantitative criteria applied to effectively identify significant increase in credit risk and determination of a default.
• Assumptions in relation to the probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) models for computing ECL, including completeness and accuracy of the data used in these models.
• Post model adjustments to take into account macroeconomic factors and potential model or data limitations that have an impact on the calculation of the ECL.</td></tr>
<tr><td>How the scope of our audit responded to the key audit matter</td><td>Our procedures included but were not limited to:

Validation of design, implementation and testing of controls around the ECL model
• We tested the design, implementation and operating effectiveness of the Bank's processes in relation to credit underwriting, monitoring, collections, and provisioning.</td></tr>
</table>

Independent Auditor's Report

For the year ended 31 December 2024

- Tested the process in place to allocate loans to the respective risk categories ("staging") and the application of the significant increase in credit risk ("SICR") criteria.
- Reviewed and tested the design of the ECL model for compliance with IFRS 9 requirements, including IT General Controls and IT Automated Controls relevant to the model.
- Reviewed the appropriateness of the Bank's impairment policy against the requirements of IFRS 9. We also assessed the appropriateness of the SICR criteria determined by management in relation to loans and advances to customers and banks.

Test of details

- For a sample of exposures, we tested the appropriateness of the staging of the exposure by testing the correct application of SICR criteria. Our work included validating the payment history of the exposure to ensure that the exposure had been correctly classified as either stage 1, 2 or 3.
- Evaluated the data quality by agreeing key data points used in the ECL calculation to relevant source systems.
- Tested the process of allocation of customer loan repayments and identification of missed payments. Including testing on a sample basis that receipts are allocated to the correct loan accounts and missed payments are identified on a timely basis and appropriately reported.
- For sample of exposures, we assessed the appropriateness of the timing of annual loan reviews for the loan portfolio as this process drives the staging and determination of default.
- We confirmed that the output of the ECL model, specifically any ECL charge, or reversal was correctly reflected in the general ledger and ultimately the financial statements.

Use of modelling and credit experts

- We engaged with and instructed third party modelling and credit risk experts to test the assumptions judgements, inputs and formulae used in relation to models used for computing ECL provision. This included evaluation and challenge of economic scenarios considered by management and comparing these to other scenarios from a variety of external sources.
- Performed sensitivity analysis in relation to key management assumptions and judgements to assess the impact of these on the ECL provisions as at year-end.

Independent Auditor's Report

For the year ended 31 December 2024

	• Tested the appropriateness of the staging of exposures including the determination of the PD, EAD and LGD considered by management in the calculation of ECL. • Tested post model adjustments and overlays. This included assessing the completeness and appropriateness of these adjustments. • We used internal credit risk audit specialists to evaluate the work performed by the third-party experts. *Disclosures* • We assessed the appropriateness of the disclosures in the financial statements for the year ended 31 December 2024. • We confirmed that the output of the model, specifically any ECL charge, or reversal was correctly reflected in the general ledger and ultimately the financial statements. • We tested the data flows used to populate the disclosures and asses the adequacy of the disclosures for compliance with the accounting standards.
Key observations communicated to the Board Audit Committee	Based on the audit procedures performed, we found that the assumptions used by management in the impairment assessment and the balance of allowance for impairment losses as at 31 December 2024 are materially correct in accordance with the requirements of IFRS 9.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at $583,000 (2023: $552,900) which was determined on the basis of 0.98% of net assets (2023: 1 % of net assets). We considered the primary users of the financial statements and the operations of the Bank. We deemed Net Assets as the most appropriate threshold on which to base our assessment of materiality as it is the key area of the financial statements relevant to the primary users of the financial statements. We also benchmarked the materiality basis against a select of entities of similar size and operations to the Bank.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Independent Auditor's Report

For the year ended 31 December 2024

Performance materiality for the Company was set at $408,000 (2023: $331,700) which represents 70% (2023: 60%) of the above materiality level.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding $29,150 (2023: $27,600) to the Audit Committee and Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the company which are relevant to our audit, such as those relating to the financial reporting cycle, lending and customer deposit transactions. We deployed our internal IT audit specialists to obtain an understanding of the general IT environment.

Climate-related risks

In planning our audit and gaining an understanding of the Bank, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment dated December 2024, along with relevant documentation relating to management's assessment to understand their process for identifying and assessing those risks. Our climate risk specialists have agreed with managements' assessment that climate-related risks are not material to the financial statements for the year ended 31 December 2024.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Strategic report and directors report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditor's Report

For the year ended 31 December 2024

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Independent Auditor's Report

For the year ended 31 December 2024

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud
The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Banks's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
    - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit losses.

Independent Auditor's Report

For the year ended 31 December 2024

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board, audit committee meetings, inspection of legal and regulatory correspondence and correspondences from the regulators Prudential Regulatory Authority and the Financial Conduct Authority;
- audit procedures performed by the engagement team in connection with the risks identified included:
    - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
    - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
    - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
    - enquiry of management around actual and potential litigation and claims.
    - challenging the assumptions and judgements made by management in its significant accounting estimates, and
    - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Board of Directors on 10 December 2024 to audit the financial statements of the Bank for the year ended 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years. We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Bank, and we remain independent of the Bank in conducting our audit.

Independent Auditor's Report

For the year ended 31 December 2024

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rakesh Shaunak ,FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
20 March 2025

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	31 December 2024 $	31 December 2023 $
Interest and similar income	3	36,174,703	31,703,911
Interest and similar expense	4	(18,342,203)	(13,832,115)
Net interest income		17,832,500	17,871,796
Fees and commission income	5	1,755,726	1,297,345
Fees and commission expense	6	(809,953)	(734,826)
Net fee and commission income		945,773	562,519
Other operating income	7	2,208,661	4,611,335
Impairment charges	24	(29,914)	(1,795,645)
Net operating income		20,957,020	21,250,005
Personnel expenses	8	(11,495,240)	(9,886,321)
Depreciation and amortisation expenses	17/18	(804,587)	(672,685)
General and administrative expenses	9	(5,356,176)	(5,048,080)
Total operating expenses		(17,656,003)	(15,607,086)
Profit before tax		3,301,017	5,642,919
Taxation	10	(841,190)	(1,338,269)
Profit for the year attributable to equity holders		2,459,827	4,304,650
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net change in fair value of FVOCI investments		1,464,225	1,280,511
Net amount reclassified to the income statement		1,053,181	-
Net change in ECL on FVOCI investments		(1,011,903)	576,823
Other comprehensive income for the year, net of tax		1,505,503	1,857,334
Total comprehensive income for the year attributable to equity holders		3,965,330	6,161,984

The income and profit made for all the years presented are from continuing operations.

The accompanying notes on pages 32-73 are an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December 2024

	Notes	31 December 2024	31 December 2023
		$	$
ASSETS			
Cash and cash equivalents	12	7,266,626	7,498,541
Loans and advances to banks	13	215,293,067	179,580,081
Loans and advances to customers	14	86,092,409	74,582,276
Investment securities	15	196,761,703	187,900,449
Derivative financial instruments	22	1,432,396	1,597,744
Other assets	16	13,004,808	9,099,146
Property and equipment	17	950,961	480,338
Intangible assets	18	619,689	540,470
Deferred tax asset	10	-	19,819
Total assets		**521,421,659**	**461,298,864**
LIABILITIES			
Deposits from banks	19	280,518,956	232,089,383
Deposits from customers	20	160,341,314	155,331,596
Derivative financial instruments	22	2,178,822	1,048,899
Other liabilities	21	9,498,007	7,934,679
Subordinated liabilities	30	9,600,000	9,600,000
Deferred tax liability	10	24,923	-
Total liabilities		**462,162,022**	**406,004,557**
EQUITY			
Capital and reserves			
Issued capital	28	53,900,000	53,900,000
Retained earnings		5,495,727	3,035,900
Other reserves		(136,090)	(1,641,593)
Equity attributable to equity holders		**59,259,637**	**55,294,307**
Total equity and liabilities		**521,421,659**	**461,298,864**

The Financial Statements were approved by the Board of Directors and authorised for issue on 19 March 2025.

By order of the Board
For and on behalf of FCMB Bank (UK) Limited

Albert Maasland
Independent Non-Executive Director
19 March 2025

Susannah Aliker
Independent Non-Executive Director
19 March 2025

The accompanying notes on pages 32-73 are an integral part of these Financial Statements

Statement of Changes in Equity

As at 31 December 2024

	Issued capital	Retained earnings	Other reserves	Total equity
	$	$	$	$
At 1 January 2024	53,900,000	3,035,900	(1,641,593)	55,294,307
Profit for the year	-	2,459,827	-	2,459,827
Other comprehensive income	-	-	1,505,503	1,505,503
Total comprehensive income	-	2,459,827	1,505,503	3,965,330
At 31 December 2024	**53,900,000**	**5,495,727**	**(136,090)**	**59,259,637**

	Issued capital	Retained earnings	Other reserves	Total equity
	$	$	$	$
At 1 January 2023	48,900,000	(1,268,750)	(3,498,927)	44,132,323
Profit for the year	-	4,304,650	-	4,304,650
Other comprehensive income	-	-	1,857,334	1,857,334
Total comprehensive income	-	4,304,650	1,857,334	6,161,984
Proceeds from shares issued	5,000,000	-	-	5,000,000
At 31 December 2023	**53,900,000**	**3,035,900**	**(1,641,593)**	**55,294,307**

The accompanying notes on pages 32-73 are an integral part of these Financial Statements.

Statement of Cash Flows

for the year ended 31 December 2024

	Notes	31 December 2024 $	31 December 2023 $
Operating activities			
Profit before tax for the year from continuing operations		3,301,017	5,642,919
Adjustment for:			
Depreciation and amortisation	17/18	804,587	672,685
Changes to ROU asset & lease liability	17	(831,690)	1,010,191
Provision for impairment charges	24	(1,023,267)	1,795,645
Effect of currency translation on cash and cash equivalents		(7,410)	(8,096)
		2,243,237	9,113,344
Changes in operating assets and liabilities			
Net (increase) in loans and advances to banks		(35,611,527)	(40,236,174)
Net (increase) in loans and advances to customers		(11,601,238)	(3,765,576)
Net decrease / (increase) in derivative FIs		1,295,271	(2,384,003)
Net (increase) in other assets		(4,047,332)	(1,039,844)
Net increase / (decrease) in deposits from banks		48,429,573	(6,029,796)
Net increase / (decrease) in deposits from customers		5,009,718	(57,791,638)
Net increase in other liabilities		1,964,709	1,934,898
Taxation Paid		(609,062)	(1,689,353)
		4,830,112	(111,001,486)
Net cash flows from operating activities		**7,073,349**	**(101,888,142)**
Investing activities			
Acquisition of investment securities		(1,560,609,502)	(1,910,769,930)
Disposal of investment securities		1,554,220,291	2,008,897,440
Purchases of property and equipment	17	(201,207)	(101,367)
Purchases of intangible assets	18	(321,532)	(357,134)
Net cash flows from investing activities		**(6,911,950)**	**97,669,009**
Financing activities			
Issuance of own shares	28	-	5,000,000
Payments made for lease liability	29	(400,724)	(408,491)
Net cash flows from financing activities		**(400,724)**	**4,591,509**
Net (decrease) / increase in cash and cash equivalents		**(239,325)**	**372,376**
Cash and cash equivalents at 1 January		7,498,541	7,118,069
Effect of currency translation on cash and cash equivalents		7,410	8,096
Cash and cash equivalents at 31 December	12	**7,266,626**	**7,498,541**

The accompanying notes on pages 32-73 are an integral part of these Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2024

1. Corporate information

FCMB Bank (UK) Limited is a private limited company incorporated and registered in England and Wales under the Companies Act 2006 and is domiciled in the United Kingdom and its registered address is 81 Gracechurch Street, London, EC3V 0AU, UK.

The Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA to conduct banking activities.

The principal activities of the Bank include trade finance, deposit taking, corporate banking, buy to let loans, and treasury operations. The Bank's activities focus on Sub-Saharan Africa with a particular emphasis on Nigeria and other markets in Asia, UK and other European geographies.

2. Accounting policies

2.1. Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with UK adopted international accounting standards (International Financial Reporting Standards) in conformity with the requirements of the Companies Act 2006.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment securities and derivative financial instruments which have been measured at fair value with changes in fair value recorded through profit and loss and other comprehensive income as required.

(iii) Going concern

The Bank's Directors have made an assessment of the Bank's ability to continue as a going concern as described in the Directors' Report and are satisfied that it has the adequate resources to continue in business for the foreseeable future, and for a period of at least 12 months from the approval date of the financial statements. In 2023, the Bank extinguished all of its brought forward losses, which were mostly built up in the Bank's early years of operation, prior to gaining critical mass. The Bank has now moved to having positive retained earnings and there are no material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(iv) Presentation of Financial Statements

The Bank presents its Statement of Financial Position in order of liquidity. An analysis regarding recovery or settlement of its financial assets and liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 25.

(v) Functional and presentational currency

The financial statements are presented in US Dollars. The Bank's functional currency is also the US Dollar as the cashflows of the contracts entered into are predominantly in US Dollars.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

(vi) Use of estimates and judgments

The preparation of the financial statements in conformity with UK adopted international accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 2.20.

2.2. Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Bank at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date. The foreign currency gain or loss is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss within other operating income / expenses.

The dollar sterling exchange rate used at 31st December 2024 was 1.2548 (2023: 1.2732.). The average dollar sterling exchange rate for 2024 was 1.2785 (2023: 1.2486).

2.3. Interest and similar income and expense

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next repricing date) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses. The effective interest rate is applied to the gross carrying amount of an asset to calculate interest income for performing assets and applied to amortised cost to calculate interest income for non-performing assets.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. The effective interest rate method is used for financial assets and financial liabilities measured at amortised cost, and financial assets measured at FVOCI assets. Income is deferred if the performance obligation has not been fully satisfied or if management assess that there is a possibility of the income not being received.

Interest income and expense presented in the statement of comprehensive income includes interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

2.4. Fee and commission income and expense

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of interest income. Other fees and commission income including loan account servicing fees, placement fees, syndication fees and management fees, are recognised as the related services are performed, in accordance with IFRS 15. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period otherwise they are considered an integral component of the effective interest.

Representative office fees, in relation to the support of group business opportunities, are recognised as the services are performed and as such are accrued for monthly and invoiced on a quarterly basis in accordance with a management services agreement, in accordance with IFRS 15.

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

2.5. Other Operating Income

Where contractual arrangements are entered into and subsequently an opportunity to sell a position resulting in the de-recognition of a financial asset any resultant realised gains are recognised in other operating income, specifically within other income or gain on trade finance assets. Digital banking expense recovery, which represents recharges of expenses incurred by the Bank in relation to the development of a borderless banking application in conjunction with the Parent, is included within other operating income and the underlying expense is recognised within operating expenses.

2.6. Financial instruments – initial recognition and subsequent measurement

(i) Initial recognition

All financial assets and liabilities are initially recognised on the trade date; this being the date that the Bank becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognised at fair value plus, in the case of financial assets and financial liabilities not held at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

(ii) Classification

Financial assets

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. The Bank classifies its financial assets in one of the following categories:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

Financial liabilities

The Bank classifies its financial liabilities, other than derivative financial instruments, financial guarantees and loan commitments, as measured at amortised cost.

(iii) Financial assets classified as amortised cost

Amortised cost financial instruments are non-derivative financial assets held within a business model, whose objective is to collect contractual cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

Such financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the financial asset.

Financial assets classified as amortised cost are cash and cash equivalents, loans and advances to banks and loans and advances to customers.

(iv) Financial assets classified as fair value through other comprehensive income "FVOCI"

FVOCI financial assets are those non-derivative financial assets held within a business model, whose objectives are both to sell the financial assets and to collect contractual cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured at fair value. The net changes in fair value are recognised directly in other comprehensive income. The following are recognised in profit and loss:

(a) Interest, calculated using the effective interest method;
(b) Impairment losses; and
(c) Foreign exchange gains and losses on monetary financial assets.

When the asset is disposed of, the cumulative gain or loss previously recognised in other reserve is transferred into the profit and loss within other operating income and included within the statement of comprehensive income.

Government bonds, bank bonds, and HQLA Investments which are part of investment securities are classified as FVOCI.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

(v) Financial assets classified as Fair value though profit or loss "FVTPL"

FVTPL financial assets are derivative or non-derivative financial assets that are not measured at amortised cost or not classified as FVOCI or that are irrevocably designated as measured at fair value through profit or loss.

FVTPL assets are measured at fair value. The changes in fair value are recognised directly in profit or loss. The changes in fair value for Fund Investments Government represent the returns on the investments which are received by the counterparty on a monthly basis and are included within interest and similar income. The changes in fair value for Fund Investments Other are included within other operating income.

Fund Investments, which are part of investment securities, are classified as FVTPL.

(vi) Financial liabilities classified as amortised cost

The Bank classifies all financial liabilities, other than those classified as FVTPL, at amortised cost. Financial liabilities measured at amortised cost are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. Financial liabilities classified as amortised cost include deposits from banks and customers and subordinated liabilities. The subordinated liabilities are all fixed rate subordinated notes.

(vii) Financial liabilities classified as fair value through profit or loss "FVTPL"

FVTPL financial liabilities are measured at fair value. The changes in fair value are recognised directly in profit or loss and shown in other operating expenses. Derivative financial instruments are classified as FVTPL.

(viii) Financial guarantee contracts and loan commitments

Financial guarantee contracts and loan commitments are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance: and
- The amount initially recognised, less income recognised in accordance with the principles of IFRS 15.

(ix) Derivative financial instruments

The Bank uses forward foreign exchange products for foreign exchange risk management purposes. This is an economic hedge and hedge accounting is not applied. Further details of derivative financial instruments are included in note 22 to the financial statements.

(x) Offsetting

Derivative financial instruments are offset, and the net amount of each contract is presented in the statement of financial position as the Bank has the contractual right to set off the amounts and intends to settle them on a net basis.

2.7. Identification and measurement of impairment

IFRS 9 uses an expected credit loss ("ECL") approach which applies to all financial assets measured at amortised cost and off-balance sheet loan commitments and guarantees.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

(i) Assets carried at amortised cost

The amount of the loss is measured as the change in the expected credit loss calculated on either a 12 month or lifetime basis, depending on the stage classification of the instruments, which is an assessment of the potential exposure at default for every given future period, as a function of its probability of default and loss given default discounted at the financial asset's original effective interest rate. Further details are provided in note 2.20. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related loan impairment allowance. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances are included in the statement of comprehensive income as impairment charges. There have been no loans written off in the year.

(ii) Assets classified as FVOCI

Debt instruments classified as FVOCI are assessed for impairment in the same manner as assets carried at amortised cost with the movement in ECL provision recognised as impairment charge in profit or loss. The movement in ECL provision does not reduce the carrying amount of the financial asset as this is subsumed within the net changes of the fair value of the assets.

2.8. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - The Bank has transferred substantially all the risks and rewards of the asset or
  - The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

2.9. Modifications

The Bank may renegotiate or modify the contractual cash flows of a transaction. If this happens, the Bank assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the Bank derecognises the original financial asset or financial liability and recognises a new transaction. The date of renegotiation is consequently considered to be the initial recognition for impairment calculation purposes. A modification is considered material if there are changes to factors of the transaction such as: the currency denomination; maturity date; fixed / floating interest rate, and principal / interest only repayments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows using the EIR method.

2.10. Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees, commitments and acceptances.

These are initially recognised at fair value and subsequently at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative income recognised in accordance with the principles of IFRS 15.

2.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted balances held with other banks and highly liquid financial assets with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.12. Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net in profit or loss. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

The assets' carrying values and useful lives are reviewed at each date of the statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

(ii) Depreciation

Depreciation is recognised in the statement of comprehensive income 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 and equipment.

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. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

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

- Leasehold improvements - over the term of the lease
- Fixtures and fittings - 5 years
- Computer equipment - 4 years

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

2.13. Intangible assets

An intangible asset shall be recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets acquired are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis to allocate the cost of the intangible assets over their estimated useful lives. Intangible assets comprise of computer software.

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Separately acquired software licenses are measured at cost, less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis to allocate the cost of software over their estimated useful lives of 4 years.

2.14. Impairment of non–financial assets

The Bank's non-financial 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.

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 asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets (other than goodwill), 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.

2.15. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use, and each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance for the liability for each period. The right-of-use asset, shown within property and equipment on the statement of financial position, is depreciated over its useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of the contractual lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Bank's incremental borrowing rate (i.e. the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions) is used.

The right-of-use assets are initially measured at cost and subsequently measured applying the cost model, i.e. cost less accumulated depreciation and impairment losses. The cost comprises of the following:

a. The initial measurement of lease liability;
b. Lease payments made at or before the commencement date (less lease incentives received);
c. Initial direct costs; and
d. Restoration costs.

2.16. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2.17. Deferred tax

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

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.18. Changes in accounting policy

The adoption of the following mentioned standards, amendments and interpretations in the current year has not had a material impact on the Bank's financial statements.

- *IAS 1 Presentation of Financial Statements – effective 1 January 2024.*
- *IFRS 16 Leases – effective 1 January 2024.*
- *IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – effective 1 January 2024.*

2.19. Standards, Amendments and Interpretations in issue but not yet effective

Certain new standards, amendments and interpretations have been issued by the IASB that are not yet effective for these financial statements.

The Bank has not adopted any of these standards, amendments or interpretations early, and does not intend to adopt any before their mandatory effective date.

The adoption of the below mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Bank's financial statements.

- *Lack of Exchangeability - Amendments to IAS 21 The effects of changes in foreign exchange rates (effective date 1 January 2025).*
- *IFRS S1 – General requirements for Disclosure of sustainability related financial information. (effective date 1 January 2024, UK government expected to endorse in 2025).*
- *IFRS S2 – Climate related disclosures (effective date 1 January 2024, UK government expected to endorse in 2025).*

2.20. Significant accounting estimates and judgements

In the process of applying the Bank's accounting policies to prepare the Financial Statements, management has used judgements, estimates and assumptions in determining the amounts recognised and disclosed. Management has based these judgements, estimates and assumptions on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

future developments, however, may change due to market changes or circumstances beyond the control of the Bank. These judgements, estimates and assumptions are adjusted in the normal course of business to reflect changing underlying conditions. The policies discussed below are considered to be particularly important to the presentation of the Bank's financial position because changes in the judgements, estimates and assumptions could have a material impact on the Bank's financial statements.

The measurement of the Bank's Expected Credit Loss ("ECL") uses the following statistical parameters that are modelled individually for various categories of borrowers:

1. PD – the probability of default is an assessment of the borrower's ability and willingness to service debt
2. EAD – the exposure at default is an estimate of the Bank's exposure should a borrower default
3. LGD – The loss given default is an estimate of the loss arising on default based on the difference between contractual and expected cash flows expressed as a percentage of the EAD

The calculation of the Bank's ECL allowances and provisions against loans, investments, and commitments under IFRS 9 requires the Bank to make a number of judgements, assumptions and estimates. The most significant are set out below:

1. Definition of default

   The Bank considers a financial asset to be in default when the contractual repayments are more than 90 days past due. Loans considered 'unlikely to pay' are also classified as in default. The reasons for these definitions is due to managements experience of the Bank's operating environment and transactions.

2. Lifetime of an exposure

   The expected lifetime of all exposures where lifetime losses are estimated is assumed to be the period to contractual maturity date.

3. Significant increase in credit risk ("SICR")

   The assessment of SICR of a financial asset considers borrower-specific quantitative and qualitative information without consideration of collateral and the impact of forward-looking information such as macroeconomic forecasts, conduct, nature, and maturity profile of exposures. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase. Qualitative factors are therefore included to supplement the gap.
   The Bank considers different indicators to identify a SICR including: 2 notch rating downgrades compared to initial rating and additional qualitative indicators such as disclosure quality, previous arrears, changes in collateral value, concerns over operating environment, and management team issues.

4. Forward-looking macroeconomic scenarios

   The measurement of ECL under IFRS9 requires the Bank to consider the risk of default and impairment loss taking note of expectations in economic changes that are reasonable. The Bank uses an ECL model to reflect an unbiased probability-weighted range of possible future default outcomes. The Bank models four alternative scenarios in addition to the base scenario. The four scenarios are summarised as follows:

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

- Upside a decrease in the point-in-time PDs of 50% compared to the base scenario
- Downside an increase in the point-in-time PDs of 50% compared to the base scenario
- Low GDP growth replicating the fall in GDP seen in 2020 simulating a deep global recession.
- Current account deficit case targeting Nigeria, this replicates the shift seen in 2020 resulting from a significant drop in oil income.

The final ECL calculation uses the weighted averages. The table below shows the range of outcomes in ECL under these scenarios.

Scenario	Expected Credit Loss US$	Weighting Nigeria	Weighting Rest of World
Upside	3,345,182	15%	15%
Base case	3,937,169	65%	65%
Downside	4,817,215	10%	10%
Low GDP case	4,483,470	5%	10%
Current account deficit case	4,158,690	5%	0%
2024 ECL	**3,991,400**		

The Bank references a number of macro-economic factors in the forward-looking element of the ECL calculation. These include the following:

Segment	Macro-economic variables
Nigeria market	Growth of real capital stock, Nigeria GDP growth rate, Oil Price Change, Nigeria Current Account Surplus/Deficit percentage of GDP
Emerging market	General government revenue/GDP, 2-year average change in Commodity Industrial Inputs Price Index, Emerging Market GDP growth rate
Global market	Change in Commodity Industrial Inputs Price Index; Investment percentage change in GDP (2-year average); Global GDP growth rate

The Bank continues to review the model for the calculation of its ECL in light of the model's performance, taking account of market developments and best practice and guidance issued by the PRA. It does this with the assistance of an external subject matter consultant. The unprecedented nature of the impact of the pandemic and post-pandemic period has led the Bank to enhance the model through the creation of the additional scenarios in order to convey the operating environment in the Bank's niche of current operations and the corresponding assessment of credit quality in its portfolio. The revised model was tested, and the basis was discussed and challenged within the Bank's credit function, with oversight and guidance from its Management and Board Credit Committees and Board Audit Committee.

The Directors have concluded that the revised model is fit for purpose, with an ECL that prudently reflects the Bank's credit risk.

An entity must determine whether a financial asset is in one of three stages in order to determine the ECL:

- Stage 1: where the credit risk has not increased significantly since initial recognition. For financial assets in stage 1, entities are required to recognise 12-month ECL.
- Stage 2: where the credit risk has increased significantly since initial recognition. For financial assets in stage 2, entities are required to recognise lifetime ECL.

Notes to the Financial Statements

for the year ended 31 December 2024

2. Accounting policies (Continued)

- Stage 3: where the financial asset is credit impaired. In this case specific scenarios are assessed based on management's assessment of the facts and circumstances of the exposures in order to calculate the ECL.

Post model adjustments (PMAs): The Bank has adopted the definition of PMAs as included in the Taskforce on Disclosures about Expected Credit Losses (DECL) report issued in September 2022.

Below is a summary of the Bank's total ECL numbers showing the portion relating to PMAs in 2024. The PMAs relate to the Ghana sovereign loan exposure and this falls under stage 3.

	Stage 3
Modelled ECL provision	1,582,180
Post model adjustments:	
- Individual assessed assumptions	125,341
Final ECL provision	1,707,521

The Bank models all its exposures in calculating ECL. At FYE 2023, the Bank classified two Ghana related sovereign exposures as Stage 3, one of these remains in Stage 3 as of FYE 2024. The Ghana sovereign Eurobonds were restructured in October 2024, and now the government is turning its attention to the other sovereign debts. Therefore a resolution of this remaining sovereign loan exposure is expected to happen in 2025. The Bank has performed an individual assessment to determine the ECL that may arise on the exposure given the on-going restructuring process using the outcome of the Ghana sovereign Eurobond restructuring as a benchmark, which resulted in an ECL provision of $1,708k.

This resulted in a $125k increase in ECL compared to the ECL modelled provisions calculated under standard methodology and LGD ratios. Therefore, the Bank has treated the $125k as a PMA in the current year (2023: $339k).

Notes to the Financial Statements

for the year ended 31 December 2024

3. Interest and similar income

	31 December 2024 $	31 December 2023 $
Cash and cash equivalents	25,446	2,159
Loans and advances to banks		
Treasury Lending	15,647	7,739
Syndicated lending	3,390,983	2,566,096
Discounted bills	5,471,885	2,732,474
Refinancing under letters of credit	9,053,032	7,927,003
Overdraft interest	1,534,313	1,636,502
Loans and advances to customers		
Retail lending	1,269,047	1,324,932
Corporate lending	2,122,136	1,282,085
Specialised lending	1,806,611	1,286,602
Syndicated lending	2,031,355	1,899,143
Overdraft interest	227,765	279,503
Other interest	3,251	1,435
Investments		
Government bonds	292,060	202,962
Bank bonds	1,110,014	1,188,729
Fund Investments - Government	7,821,158	9,366,547
	36,174,703	31,703,911

4. Interest and similar expense

	31 December 2024 $	31 December 2023 $
Deposits from banks	10,156,063	8,219,587
Deposits from customers	8,186,140	5,612,528
	18,342,203	13,832,115

5. Fees and commission income

	31 December 2024 $	31 December 2023 $
Retail	78,088	65,984
Corporate banking	266,813	124,463
Trade services	1,210,825	906,898
Representative office	200,000	200,000
	1,755,726	1,297,345

Notes to the Financial Statements

for the year ended 31 December 2024

6. Fees and commission expense

	31 December 2024 $	31 December 2023 $
Bank charges	284,746	284,581
Fees paid to deposit aggregators	236,975	408,440
Other fees and commissions	288,232	41,805
	809,953	734,826

7. Other operating income

	31 December 2024 $	31 December 2023 $
Digital banking expense recovery	1,505,084	2,911,540
Gain on trade finance assets	1,017,727	645,819
Movement in FVTPL Fund Investments Other	(530,785)	213,578
Other income	69,446	66,375
FX gains	147,189	774,023
	2,208,661	4,611,335

The Digital banking expense recovery is the recharge of expenses incurred by the Bank in developing the borderless banking application and is recognised in the period to which the expense relates.

8. Personnel expenses

	31 December 2024 $	31 December 2023 $
Employee costs		
Wages and salaries	8,544,102	7,114,865
Pensions	67,537	53,145
Social security costs	1,069,529	948,281
Other staff costs	1,814,072	1,770,030
	11,495,240	9,886,321

The average number of employees including directors in the year was 70 (2023: 59).

	31 December 2024 No.	31 December 2023 No.
Non-management	51	43
Management	19	16
	70	59

	31 December 2024 $	31 December 2023 $
Directors' remuneration		
Emoluments	1,672,047	1,631,731
Pension contributions	1,531	1,649
	1,673,578	1,633,380

Notes to the Financial Statements

for the year ended 31 December 2024

The highest paid director received remuneration of $534,851 (2023: $503,642) and made contributions of $1,531, (2023: $1,649) under a defined contribution scheme.

9. Profit before tax

	Note	31 December 2024 $	31 December 2023 $
Profit before tax is stated after charging/(crediting):			
Foreign exchange gains		(147,189)	(774,023)
Amortisation of intangibles	18	242,313	209,914
Depreciation of property and equipment	17	562,274	462,771
Auditor's remuneration - audit fees		562,917	475,965
Auditor's remuneration – non-audit fees		6,393	6,243

9.1 General and administrative expenses

	31 December 2024 $	31 December 2023 $
Professional	2,071,270	1,774,298
Computer and equipment	2,190,248	2,346,703
Travel and entertainment	267,378	248,016
Other	827,280	679,063
	5,356,176	5,048,080

10. Income tax

The current tax charge is $751,085 (2023: $1,199,080), with a deferred tax charge to the income statement in 2024 of $90,105 (2023: $139,189), resulting in a total tax charge to the income statement in 2024 of $841,190 (2023: $1,338,269).

	31 December 2024 $	31 December 2023 $
Profit on ordinary activities before taxation	3,301,017	5,642,919
Profit on ordinary activities multiplied by the UK corporation tax rate of 25.00% (rounded effective rate) (2023: 23.52%)	825,254	1,327,245
Effects of:		
Fixed asset differences	20,583	(941)
Expenses not deductible for tax purposes	7,843	3,955
Remeasurement of deferred tax for changes in tax rates	-	8,237
Other tax adjustments	(12,490)	(227)
Actual total tax charge / (credit)	841,190	1,338,269

Factors that may affect future tax charges:

Notes to the Financial Statements

for the year ended 31 December 2024

The Directors have recognised a deferred tax liability of $24,923 (2023 deferred asset: $19,819). There are no unused tax losses in 2024 (2023: $nil). The rounded effective corporation tax rate for the year ended 31 December 2024 was 25% (2023: 23.5%). The Finance Bill published on 11 March 2021 announced that the corporation tax rate would increase to 25% from 1 April 2023 and would remain at 25% until 1 April 2026.

The table below shows the deferred tax movement.

	Property & Equipment $	Expenses & Provisions $	Changes in fair value of FVOCI assets $	Total $
Movement in deferred tax/ liability				
At 01 January 2024	9,087	(28,906)	-	(19,819)
Charge to Income Statement	80,210	9,895	-	90,105
(Credit) to other comprehensive income	-	-	(45,363)	(45,363)
At 31 December 2024	89,297	(19,011)	(45,363)	24,923

	Property & Equipment $	Expenses & Provisions $	Unused tax losses $	Total $
Movement in deferred tax				
At 01 January 2023	(60,545)	(34,117)	(64,346)	(159,008)
Charge / (credit) to Income Statement	69,632	5,211	64,346	139,819
At 31 December 2023	9,087	(28,906)	-	(19,819)

11. Dividends paid and proposed

During the year no dividends were paid or proposed (2023: $nil).

12. Cash and cash equivalents

	31 December 2024 $	31 December 2023 $
Cash on hand	76	165
Deposits with Group companies	343	3,367
Deposits with banks	7,266,427	7,495,582
	7,266,846	7,499,114
Less: Allowance for impairment losses (Note 24)	(220)	(573)
	7,266,626	7,498,541

13. Loans and advances to banks

	31 December 2024 $	31 December 2023 $
Syndicated lending	45,701,658	20,024,821
Discounted bills	51,060,447	50,017,054
Refinancing under letters of credit	94,621,665	88,312,879
Overdrafts	24,861,935	22,279,424
	216,245,705	180,634,178
Less: Allowance for impairment losses (Note 24)	(952,638)	(1,054,097)
	215,293,067	179,580,081

Notes to the Financial Statements

for the year ended 31 December 2024

14. Loans and advances to customers

	31 December 2024 $	31 December 2023 $
Retail lending	9,962,500	13,944,987
Corporate lending	16,614,479	15,126,449
Governments	20,068,256	17,050,637
Specialised lending	24,068,118	10,477,136
Syndicated lending	11,346,361	10,991,050
Overdrafts	6,299,821	9,168,038
	88,359,535	76,758,297
Less: Allowance for impairment losses (Note 24)	(2,267,126)	(2,176,021)
	86,092,409	74,582,276

15. Investment securities

	31 December 2024 $	31 December 2023 $
Fair value through other comprehensive income (FVOCI)		
Government Bonds	5,625,803	5,498,440
Bank bonds	15,208,790	16,525,823
HQLA Investments	19,914,165	29,464,278
	40,748,758	51,488,541
Fair value through profit or loss (FVTPL)		
Fund Investments - Government	147,574,098	127,321,582
Fund Investments - Other	8,438,847	9,090,326
	156,012,945	136,411,908
Total investment securities	196,761,703	187,900,449

HQLA Investments are high quality liquid assets and include US Treasury bills and bonds issued by International Bank of Restructuring and Development (IBRD). The allowance for impairment losses relating to FVOCI investments is classified within other reserves as ECL is presumed to form part of the fair value of the assets and therefore does not reduce the carrying amount of the asset.

16. Other assets

	31 December 2024 $	31 December 2023 $
Financial assets		
Accrued income	8,912,652	6,170,727
Other debtors	1,623,981	1,471,598
Margin call cash collateral for Derivative FIs	1,910,000	707,373
	12,446,633	8,349,698
Non-financial assets		
Prepayments	558,175	749,448
Total other assets	13,004,808	9,099,146

The Bank receives and provides margin deposits as collateral for outstanding derivative positions. The Bank or the counterparty may set off this margin held against any outstanding positions in the case of default.

Notes to the Financial Statements

for the year ended 31 December 2024

17. Property and equipment

	Leasehold improvements $	Fixtures and fittings $	Computer equipment $	Right of use assets $	Total $
Cost					
As at 01 January 2024	551,707	303,068	496,544	413,147	1,764,466
Additions in the year	58,729	66,548	134,659	772,961	1,032,897
Disposals in the year	60,549	-	-	413,147	473,696
As at 31 December 2024	549,887	369,616	631,203	772,961	2,323,667
Accumulated depreciation					
As at 01 January 2024	427,295	288,570	382,347	185,916	1,284,128
Charge for year	89,596	13,599	58,991	400,088	562,274
Depreciation on Disposals	60,549	-	-	413,147	473,696
As at 31 December 2024	456,342	302,169	441,338	172,857	1,372,706
Carrying amount					
As at 31 December 2023	124,412	14,498	114,197	227,231	480,338
As at 31 December 2024	93,545	67,447	189,865	600,104	950,961

	Leasehold improvements $	Fixtures and fittings $	Computer equipment $	Right of use assets $	Total $
Cost					
As at 01 January 2023	600,797	291,718	406,527	2,872,585	4,171,627
Additions in the year	60,549	11,350	90,017	413,147	575,063
Disposals in the year	(109,639)	-	-	(2,872,585)	(2,982,224)
As at 31 December 2023	551,707	303,068	496,544	413,147	1,764,466
Accumulated depreciation					
As at 01 January 2023	413,105	272,235	345,825	1,288,529	2,319,694
Charge for year	68,845	16,335	36,522	341,069	462,771
Depreciation on Disposals	(54,655)	-	-	(1,443,682)	(1,498,337)
As at 31 December 2023	427,295	288,570	382,347	185,916	1,284,128
Carrying amount					
As at 31 December 2023	124,412	14,498	114,197	227,231	480,338
As at 31 December 2022	187,692	19,483	60,702	1,584,056	1,851,933

There have been no indicators of impairment identified during the current or prior financial years.

Notes to the Financial Statements

for the year ended 31 December 2024

18. Intangible assets

	Computer software $
Cost	
As at 01 January 2024	2,022,069
Additions in the year	321,532
As at 31 December 2024	2,343,601
Accumulated amortisation	
As at 01 January 2024	1,481,599
Charge for year	242,313
As at 31 December 2024	1,723,912
Carrying amount	
As at 31 December 2024	619,689
As at 31 December 2023	540,470

	Computer software $
Cost	
As at 01 January 2023	1,664,935
Additions in the year	357,134
As at 31 December 2023	2,022,069
Accumulated amortisation	
As at 01 January 2023	1,271,685
Charge for year	209,914
As at 31 December 2023	1,481,599
Carrying amount	
As at 31 December 2023	540,470
As at 31 December 2022	393,250

Notes to the Financial Statements

for the year ended 31 December 2024

19. Deposits from banks

	Note	31 December 2024 $	31 December 2023 $
Deposits from related parties	31	67,017,366	54,167,316
Deposits from Central Bank		172,303,003	164,870,211
Deposits from other banks		41,198,587	13,051,856
		280,518,956	232,089,383

20. Deposits from customers

	Note	31 December 2024 $	31 December 2023 $
Deposit aggregators		111,912,703	106,385,239
Deposits from corporates		31,213,556	30,249,088
Deposits from related parties	31	4,869,881	5,973,496
Deposits from individuals		12,345,174	12,723,773
		160,341,314	155,331,596

21. Other liabilities

	31 December 2024 $	31 December 2023 $
Financial liabilities		
Accrued interest	4,298,436	2,985,167
Accruals	1,911,689	2,437,173
Trade creditors	686,777	651,628
Other taxation and social security	325,492	264,293
Margin Call	759,609	680,000
Non-financial liabilities		
Allowance for impairment losses on credit commitments	21,706	22,363
Dilapidation provisions (see note 23)	58,332	61,692
Lease liability (see note 29.1)	496,755	130,811
Deferred Income	939,211	701,552
	9,498,007	7,934,679

Notes to the Financial Statements

for the year ended 31 December 2024

22. Derivative financial instruments

	31 December 2024 $	31 December 2023 $
Forward foreign exchange contracts		
Receivable	1,432,396	1,597,744
Payable	(2,178,822)	(1,048,899)

Derivative financial instruments consist of short-term foreign exchange contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. All derivative contracts open at the year-end have intended settlement dates within twelve months. All derivative financial instruments are considered to be level two and are priced with reference to observable market data including prices from exchanges. The net fair values of the foreign exchange contracts are reflected in the table above. The gross fair values of the foreign exchange contracts are disclosed in the foreign exchange risk note 24.4.

23. Dilapidation provisions

	31 December 2024 $	31 December 2023 $
Dilapidation provision		
At 1 January	61,692	112,806
(Decrease) / Increase	(2,432)	(56,057)
Foreign exchange movement	(928)	4,943
	58,332	61,692

The dilapidation provision is linked to the lease of the Bank's only UK office at 81 Gracechurch Street, London, and therefore the expected timing of the resulting outflows of economic benefits is in 2026. The expected economic outflow is stated above.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management

	Note	FVTPL	FVOCI	Amortised cost	Total
			31 December 2024		
Financial assets					
Cash and cash equivalents	12	-	-	7,266,626	7,266,626
Loans and advances to banks	13	-	-	215,293,067	215,293,067
Loans and advances to customers	14	-	-	86,092,409	86,092,409
Investment securities	15	156,012,945	40,748,758	-	196,761,703
Derivative financial instruments	22	1,432,396	-	-	1,432,396
Other assets	16	-	-	12,446,633	12,446,633
		157,445,341	**40,748,758**	**321,098,735**	**519,292,834**
Financial liabilities					
Deposits from banks	19	-	-	280,518,956	280,518,956
Deposits from customers	20	-	-	160,341,314	160,341,314
Derivative financial instruments	22	2,178,822	-	-	2,178,822
Subordinated liabilities	30	-	-	9,600,000	9,600,000
Other liabilities	21	-	-	7,982,003	7,982,003
		2,178,822	**-**	**458,442,273**	**460,621,095**

	Note	FVTPL	FVOCI	Amortised cost	Total
			31 December 2023		
Financial assets					
Cash and cash equivalents	12	-	-	7,498,541	7,498,541
Loans and advances to banks	13	-	-	179,580,081	179,580,081
Loans and advances to customers	14	-	-	74,582,276	74,582,276
Investment securities	15	136,411,908	51,488,541	-	187,900,449
Derivative financial instruments	22	1,597,744	-	-	1,597,744
Other assets	16	-	-	8,349,698	8,349,698
		138,009,652	**51,488,541**	**270,010,596**	**459,508,789**
Financial liabilities					
Deposits from banks	19	-	-	232,089,383	232,089,383
Deposits from customers	20	-	-	155,331,596	155,331,596
Derivative financial instruments	22	1,048,899	-	-	1,048,899
Subordinated liabilities	30	-	-	9,600,000	9,600,000
Other liabilities	21	-	-	7,018,261	7,018,261
		1,048,899	**-**	**404,039,240**	**405,088,139**

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

24.1. Risk management

Risks reflect uncertainty regarding the outcome of financial transactions due to changes in political, economic and market conditions. They are inherent in the Bank's activities and are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls to ensure an appropriate risk-return relationship. The process of risk management is critical to the Bank's existence and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank endeavours to ensure that its risk management framework is robust, relevant and aligns with best practices.

The Bank has in place a Board approved risk appetite statement which provides counterparty and concentration risk guidance in line with sound corporate governance standards. The effects of risk are considered in terms of their impact on income, asset values, liabilities and recoverability. The risks actively managed by the Bank include, liquidity risk, interest rate risk, operational risk, credit risk, concentration risk and foreign exchange risk.

24.2. Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

The overall objective of liquidity risk management is to ensure that the Bank has adequate liquid resources to meet its obligations as and when they fall due, at all times. It has in place a Board approved Individual Liquidity Adequacy Assessment Process ("ILAAP") that enables monitoring and management of the Bank's liquidity risk. The Bank's policy is to monitor liquidity risk metrics including the Individual Liquidity Guidance ("ILG") wholesale mismatch gaps, survival days, liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR") along with other balance sheet ratios on a daily basis. The Treasury department is responsible for the daily liquidity risk management with daily reporting to the executive directors and Finance, and is monitored monthly through the Bank's Asset and Liability Committee ("ALCO"). To this end, the Treasury department produces the Daily Treasury Risk dashboard, which identifies liquidity and funding gaps under agreed stressed scenarios over a forecasted 3-month period. Where required, appropriate action will be proposed by the department for management's approval and subsequent action within agreed timescales to ensure that the Bank remains within its Regulatory and Board limits at all times.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

The table below summarises the undiscounted contractual maturities of cash flows of financial assets and liabilities.

	0 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years	Above 5 years	Total
	$	$	$	$	$	$
At 31 December 2024						
Financial assets						
Cash and cash equivalents	7,266,846	-	-	-	-	*7,266,846*
Loans and advances to banks	96,402,750	95,534,342	37,060,881	409,023	-	229,406,996
Loans and advances to customers	30,608,879	25,382,040	38,136,326	5,319,999	546,637	99,993,881
Investment securities	148,956,874	15,613,036	12,245,939	21,579,046	3,530,855	201,925,750
Other assets	4,033,979	-	8,412,654	-	-	12,446,633
Total financial assets	**287,269,328**	**136,529,418**	**95,855,800**	**27,308,068**	**4,077,492**	**551,040,106**
Financial liabilities						
Deposits from banks	(144,850,604)	(96,208,777)	(45,014,177)	-	-	(286,073,558)
Deposits from customers	(90,461,925)	(48,903,991)	(26,354,144)	(8,507)	-	(165,728,567)
Subordinated liabilities	-	(302,828)	(302,828)	(2,434,269)	(10,663,065)	(13,702,990)
Other liabilities	(1,771,878)	(1,911,689)	(4,298,436)	-	-	(7,982,003)
Total financial liabilities	**(237,084,407)**	**(147,327,285)**	**(75,969,585)**	**(2,442,776)**	**(10,663,065)**	**(473,487,118)**
Derivative financial instruments						
Forward FX Contracts	937,334	(999,645)	(684,116)	-	-	(746,426)
Total derivative FIs	937,334	(999,645)	(684,116)	-	-	(746,426)
Loan commitments	(21,753,087)	-	-	-	-	(21,753,087)
Net liquidity gap	**29,369,169**	**(11,797,512)**	**19,202,099**	**24,865,292**	**(6,585,573)**	**55,053,475**

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

	0 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years	Above 5 years	Total
	$	$	$	$	$	$
At 31 December 2023						
Financial assets						
Cash and cash equivalents	7,499,114	-	-	-	-	7,499,114
Loans and advances to banks	113,357,053	34,492,010	26,370,323	18,461,309	-	192,680,695
Loans and advances to customers	17,451,333	15,846,566	25,309,053	31,242,515	2,786,719	92,636,186
Investment securities	139,591,080	3,392,954	1,984,461	38,517,523	18,451,411	201,937,429
Other assets	2,657,893	-	5,691,805	-	-	8,349,698
Total financial assets	**280,556,473**	**53,731,530**	**59,355,642**	**88,221,347**	**21,238,130**	**503,103,122**
Financial liabilities						
Deposits from banks	(209,922,714)	(24,666,908)	-	-	-	(234,589,622)
Deposits from customers	(63,680,143)	(26,462,364)	(67,114,347)	(3,557,696)	-	(160,814,550)
Subordinated liabilities	-	(254,941)	(305,324)	(2,428,446)	(11,401,552)	(14,390,263)
Other liabilities	(1,595,921)	(2,437,173)	(2,985,167)	-	-	(7,018,261)
Total financial liabilities	**(275,198,778)**	**(53,821,386)**	**(70,404,838)**	**(5,986,142)**	**(11,401,552)**	**(416,812,696)**
Derivative financial instruments						
Forward FX Contracts	(798,275)	(57,687)	1,404,807	-	-	548,845
Total derivative FIs	(798,275)	(57,687)	1,404,807	-	-	548,845
Loan commitments	(9,808,084)	-	-	-	-	(9,808,084)
Net liquidity gap	**(5,248,664)**	**(147,543)**	**(9,644,389)**	**82,235,205**	**9,836,578**	**77,031,187**

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

24.3. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

A substantial part of the Bank's interests bearing liabilities and assets are at fixed interest rates. All fixed interest bearing assets are short term discounted bills, refinanced letters of credit, Eurobonds and US and UK treasury bills. The overall potential impact of the mismatches on the earnings are being managed within the tolerance limits approved by the Board. The repricing characteristics of the Bank's assets and liabilities are mismatched and subject the Bank to interest rate risk.

Interest rate risk is managed principally through active monitoring of mismatch gaps and by having pre-approved limits.

Summarised below is the interest rate gap position based on the carrying amount of floating interest rate sensitive financial instruments:

	Carrying amount $	0 – 3 months $	3 – 6 months $	6 – 12 months $	1 – 5 years $	Above 5 years $
At 31 December 2024						
Assets subject to interest rate risk:						
Loans and advances to banks	45,701,658	7,496,634	15,415,591	22,789,433	-	-
Loans and advances to customers	74,721,478	18,872,683	20,248,363	35,600,432	-	-
Investment securities	152,569,123	147,572,343	-	-	4,996,780	-
Other assets	1,910,000	1,910,000	-	-	-	-
	274,902,259	175,851,660	35,663,954	58,389,865	4,996,780	-

	Carrying amount $	0 – 3 months $	3 – 6 months $	6 – 12 months $	1 – 5 years $	Above 5 years $
Liabilities subject to interest rate risk:						
Deposits from banks	(53,648,296)	(25,914,178)	(27,734,118)	-	-	-
Deposits from customers	-	-	-	-	-	-
Other liabilities	(759,609)	(759,609)	-	-	-	-
	(54,407,905)	(26,673,787)	(27,734,118)	-	-	-
Net interest gap	220,494,354	149,177,873	7,929,836	58,389,865	4,996,780	-

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

	Carrying amount $	0 – 3 months $	3 – 6 months $	6 – 12 months $	1 – 5 years $	Above 5 years $
At 31 December 2023						
Assets subject to interest rate risk:						
Loans and advances to banks	20,024,821	5,103,620	3,992,201	10,929,000	-	-
Loans and advances to customers	63,617,643	4,406,559	13,115,976	20,363,257	23,739,626	1,992,225
Investment securities	132,288,532	127,321,582	-	-	-	4,966,950
Other assets	707,373	707,373	-	-	-	-
	216,638,369	137,539,134	17,108,177	31,292,257	23,739,626	6,959,175

	Carrying amount $	0 – 3 months $	3 – 6 months $	6 – 12 months $	1 – 5 years $	Above 5 years $
Liabilities subject to interest rate risk:						
Deposits from banks	(51,172,001)	(26,505,093)	(24,666,908)	-	-	-
Deposits from customers	(2,528,334)	(2,528,334)	-	-	-	-
Other liabilities	(680,000)	(680,000)	-	-	-	-
	(54,380,335)	(29,713,427)	(24,666,908)	-	-	-
Net interest gap	162,258,034	107,825,707	(7,558,731)	31,292,257	23,739,626	6,959,175

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

The management of interest rate risk against interest rate gaps is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200-basis point change. The financial assets and liabilities sensitive to interest rate risk are loans and advances and deposits. A weighted average interest rate has been applied and the effects are shown in the table below:

	Gross amount	Weighted average	Interest due at current weighted average rate	Increase of 200bps
At 31 December 2024				
Financial assets				
Cash and cash equivalents	7,266,846	-	-	145,337
Loans and advances to banks	216,245,705	7.75%	16,760,966	21,085,880
Loans and advances to customers	88,359,535	8.18%	7,229,207	8,996,398
Investment securities	196,761,703	1.06%	2,078,288	6,013,522
Other assets	1,910,000	-	-	38,200
Financial liabilities				
Deposits from banks	(280,518,956)	3.01%	(8,442,777)	(14,053,156)
Deposits from customers	(160,341,314)	4.13%	(6,620,300)	(9,827,126)
Subordinated liabilities	(9,600,000)	6.24%	(599,000)	(791,000)
Other liabilities	(759,609)	-	-	(15,192)
	59,323,910		**10,406,384**	**11,592,863**
Impact on net interest income				**1,186,479**

The impact of a decrease in interest rates will be the equal and opposite of the increase scenarios shown.

	Gross amount	Weighted average	Interest due at current weighted average rate	Increase of 200bps
At 31 December 2023				
Financial assets				
Cash and cash equivalents	7,499,114	-	-	149,982
Loans and advances to banks	180,634,178	8.93%	16,135,402	19,748,086
Loans and advances to customers	76,758,297	8.53%	6,548,905	8,084,071
Investment securities	187,900,449	1.41%	2,656,826	6,414,835
Other assets	707,373	-	-	14,147
Financial liabilities				
Deposits from banks	(232,089,383)	4.27%	(9,905,901)	(14,547,688)
Deposits from customers	(155,331,596)	4.07%	(6,324,770)	(9,431,402)
Subordinated liabilities	(9,600,000)	6.24%	(599,000)	(791,000)
Other liabilities	(680,000)	-	-	(13,600)
	55,798,432		**8,511,462**	**9,627,431**
Impact on net interest income				**1,115,969**

The impact of a decrease in interest rates will be the equal and opposite of the increase scenarios shown.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

24.4. Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In accordance with the Bank's policy, positions are monitored on a daily basis to ensure positions are maintained within an acceptable level of exposure. The Bank has in place forward foreign exchange contracts to mitigate its' foreign exchange risk.

The table below considers financial assets and financial liabilities denominated in the currencies of the Bank's principal foreign exchange exposures in aggregate:

At 31 December 2024	USD $	NGN $	GBP $	EURO $	CHF $	ZAR $	Total $
Financial assets							
Cash and cash equivalents	3,161,107	343	2,369,438	1,717,140	398	18,420	7,266,846
Investment securities	169,510,463	-	26,492,264	758,976	-	-	196,761,703
Loans and advances to banks	210,518,138	-	147,284	5,580,283	-	-	216,245,705
Loans and advances to customers	43,895,168	-	17,652,699	26,811,668	-	-	88,359,535
Forward FX contracts	35,538,526	-	(953,648)	(33,152,482)	-	-	1,432,396
Other assets	11,521,049	-	747,314	178,270	-	-	12,446,633
Total assets	474,144,451	343	46,455,351	1,893,855	398	18,420	522,512,818
Financial liabilities							
Deposits from banks	(277,320,061)	-	(1,479,138)	(1,719,757)	-	-	(280,518,956)
Deposits from customers	(44,185,205)	-	(115,933,314)	(222,795)	-	-	(160,341,314)
Subordinated liabilities	(9,600,000)	-	-	-	-	-	(9,600,000)
Forward FX contracts	(87,647,797)	-	84,636,260	832,715	-	-	(2,178,822)
Accrued liabilities	(2,328,055)	-	(5,648,821)	(5,127)	-	-	(7,982,003)
Total liabilities	(421,081,118)	-	(38,425,013)	(1,114,964)	-	-	(460,621,095)
Net on-balance sheet financial position	**53,063,333**	**343**	**8,030,338**	**778,891**	**398**	**18,420**	**61,891,723**
Off-balance sheet financial position	35,240,222	-	82,917	17,164,782	-	-	52,487,921

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

At 31 December 2023	USD $	NGN $	GBP $	EURO $	CHF $	ZAR $	Total $
Financial assets							
Cash and cash equivalents	3,136,773	3,367	2,239,668	2,097,807	2,574	18,925	7,499,114
Investment securities	157,669,288	-	28,305,108	1,926,053	-	-	187,900,449
Loans and advances to banks	171,650,701	-	246,530	8,736,947	-	-	180,634,178
Loans and advances to customers	30,138,398	-	19,609,117	27,010,782	-	-	76,758,297
Forward FX contracts	(68,898,836)	-	70,662,600	(166,020)	-	-	1,597,744
Other assets	7,017,060	-	987,914	344,724	-	-	8,349,698
Total assets	300,713,384	3,367	122,050,937	39,950,293	2,574	18,925	462,739,480
Financial liabilities							
Deposits from banks	(227,904,487)	-	(2,074,662)	(2,109,465)	(769)	-	(232,089,383)
Deposits from customers	(41,846,267)	-	(113,077,722)	(407,607)	-	-	(155,331,596)
Subordinated liabilities	(9,600,000)	-	-	-	-	-	(9,600,000)
Forward FX contracts	32,884,601	-	3,310,320	(37,243,820)	-	-	(1,048,899)
Accrued liabilities	(2,136,973)	-	(4,880,813)	(475)	-	-	(7,018,261)
Total liabilities	(248,603,126)	-	(116,722,877)	(39,761,367)	(769)	-	(405,088,139)
Net on-balance sheet financial position	**52,110,258**	**3,367**	**5,328,060**	**188,926**	**1,805**	**18,925**	**57,651,341**
Off-balance sheet financial position	22,074,717	-	850,054	680,802	-	-	23,605,573

The Bank's principal foreign exchange exposures are to Sterling and Euro. The table below illustrates the hypothetical sensitivity of the Bank's reported profit and equity to a 10% increase in the respective foreign exchange rates to which the Bank is exposed. (A decrease in the currency rate would have an equal and opposite impact):

	31 December 2024 $	31 December 2023 $
Impact on reported profit:		
Sterling	803,034	532,806
Naira	34	337
Euro	77,889	18,893
Swiss Francs	40	181
Rand	1,842	1,893
Increase to reported profit	882,839	554,110
Impact on equity:		
Sterling	803,034	532,806
Naira	34	337
Euro	77,889	18,893
Swiss Francs	40	181
Rand	1,842	1,893
Increase to equity	882,839	554,110

Foreign exchange movements affect reported equity through changes in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

24.5. Credit risk

Credit risk is the risk of loss as a result of any market counterparties failing to fulfil their contractual obligations.

The Bank follows the 'Standardised Approach' to credit risk management as prescribed in the Capital Resources Requirements and Capital Requirement Directive IV. Credit risk is managed through credit approval processes; a credit approving authority structure; setting and monitoring of prudential exposures and country/counterparty limits; portfolio management and risk based pricing.

The definition of default is referenced in note 2.20. The Bank will consider a full or partial write off of a financial asset if there is considered to be no realistic prospect of recovery. The amount to be written off will be dependent on; the realistic amount that can be recovered, and any collateral or security held which will impact the net realisable value.

Impairment assessment

For accounting purposes, the Bank uses an expected loss model to comply with the requirements associated with IFRS 9. The approach is described below briefly:

- The ECL computation is performed for each exposure that is assigned to the Amortised Cost or FVOCI (debt) classification and is based on the industry standard components: PD, EAD, and LGD. Where necessary, discounting is applied.
- The ECL figures also incorporate five macro-economic scenarios and the ECLs from these scenarios are probability-weighted to calculate an overall ECL. It uses a base case economic forecast as a central scenario, and four economic scenarios around the central scenario.
- The key inputs to the approach are (i) modelled PDs based on internal credit ratings that are assigned by the Bank's Credit Department, (ii) exposure amounts and on-balance sheet equivalent amounts and (iii) LGD estimates as inputs to determine ECL. Annual PDs are provided for each exposure for each year of the exposure's residual term. The PDs supplied as inputs to the ECL calculation are independent of the state of the economy and are benchmarked with long run default rates from external agency ratings.
- To meet the requirements of IFRS 9, the calculation adjusts the PDs so that they convert into point-in-time values given a specific economic scenario based on historically observed relationships between macroeconomic variables and default rates.
- Each exposure is subject to SICR or staging rules as per IFRS 9.
    - Exposures in Stage 1 attract a 1-year ECL and exposures in Stages 2 and 3 attract a Lifetime ECL.
    - The criteria to determine the appropriate staging for each exposure is approved by the Bank's Credit department or Credit Committee and mainly reflect (i) account payment behaviour, (ii) changes in credit ratings since origination of an exposure and (iii) qualitative credit risk assessment by the Bank.
- If there is evidence that SICR is no longer present for an instrument, the instrument is transferred back to Stage 1 according to the IFRS 9 framework.
- The Bank then aggregates the ECL for reporting and analysis.
- If any management overlays to the above are needed, they are documented and approved through appropriate governance processes.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

The Credit department and the credit approving authority including the Credit Committee are responsible for assessing the rating of clients at origination and at present. Clients are re-rated on at least an annual basis. The credit department is also responsible for identifying SICR with any particular exposure or portfolio of exposures, as may be applicable and report to the appropriate authority.

The Credit department, Credit Committees and Board Audit Committee are responsible for assessing the macro-economic scenarios that are implemented in the calculation of ECLs and consider the scenarios and their impact to result in the best estimate macro-economic conditions likely to impact the likelihood of default of the Bank's existing exposures.

The impact of the provisioning calculations performed under IFRS 9 on the balance sheet as at 31st December 2024 is $3,991,400 (2023: $5,014,667).

Credit-related commitment risks

The Bank makes available to its customers guarantees that may require the Bank to make payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

Analysis of maximum exposure to credit risk

The table below shows the Bank's maximum exposure to credit risk by class of financial asset and internal risk rating:

Maximum exposure to credit risk

	IFRS 9 31 December 2024			IFRS9 31 December 2023		
	Gross exposure	Allowance for credit loss	Net exposure	Gross exposure	Allowance for credit loss	Net exposure
	$	$	$	$	$	$
Cash and cash equivalents	7,266,770	220	7,266,550	7,498,949	573	7,498,376
Investments at FVOCI	40,748,758	-	40,748,758	51,488,541	-	51,488,541
Loans & advances to banks	216,245,705	952,638	215,293,067	180,634,178	1,054,097	179,580,081
Loans & advances to customers	88,359,535	2,267,126	86,092,409	76,758,297	2,176,021	74,582,276
Other assets	12,446,633	-	12,446,633	8,349,698	-	8,349,698
Off balance sheet	52,487,921	21,706	52,466,215	23,605,573	22,363	23,583,210
	417,555,322	3,241,690	414,313,632	348,335,236	3,253,054	345,082,182

In addition, there are investments at FVTPL in 2024 of $156,012,945 (2023: $136,411,908). $147,574,098 of this is considered very low risk (2023: $127,321,582), and $8,438,847 is considered medium risk (2023: $9,090,326). The maximum exposure to credit risk relating to cash and cash equivalents excludes cash on hand of $76 (2023: $165). In 2024, there is an ECL of $749,710 relating to investments at FVOCI (2023: $1,761,613) however this does reduce the carrying value of the asset and therefore does not impact the exposure to credit risk.

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

The Bank manages the credit quality of financial assets using internal credit ratings. These are:

Internal credit ratings scale:

1-6	- very low risk
7-9	- low risk
10-13	- medium risk
14-16	- acceptable risk
17-20	- high risk

Net carrying value of exposure by risk rating

	IFRS 9 31 December 2024			
	Stage 1	Stage 2	Stage 3	Net carrying amount
	$	$	$	$
Very low	50,485,323	-	-	50,485,323
Low	10,700,322	-	-	10,700,322
Medium	94,245,964	1,001,149	-	95,247,113
Acceptable	244,550,104	4,334,849	-	248,884,953
High	4,537,310	1,337,413	3,121,198	8,995,921
	404,519,023	6,673,411	3,121,198	414,313,632

Net carrying value of exposure by risk rating

	IFRS 9 31 December 2023			
	Stage 1	Stage 2	Stage 3	Net carrying amount
	$	$	$	$
Very low	48,344,627	-	-	48,344,627
Low	5,716,664	475,268	-	6,191,932
Medium	25,495,742	2,012,458	-	27,508,200
Acceptable	251,023,393	7,603,209	-	258,626,602
High	-	-	4,410,821	4,410,821
	330,580,426	10,090,935	4,410,821	345,082,182

In 2024, there were six exposures in stage 2, one exposure in stage 3, and all other exposures were in stage 1 at year end. In 2023, there were eight exposures in stage 2, two exposures in stage 3, and all other exposures were in stage 1 at year end.

Expected Credit Loss by Stage

	31 December 2024	31 December 2023
	$	$
Stage 1	1,919,530	2,099,535
Stage 2	364,349	322,131
Stage 3	1,707,521	2,593,001
	3,991,400	5,014,667

Notes to the Financial Statements

for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

Movement in expected credit losses throughout the year

		IFRS 9 31 December 2024		
	31/12/2024	Additional	Release	31/12/2023
	$	$	$	$
Cash and cash equivalents	220	29	(382)	573
Loans & advances to banks	952,638	517,394	(618,853)	1,054,097
Loans & advances to customers	2,267,126	303,816	(212,711)	2,176,021
Investment securities at FVOCI	749,710	68,006	(1,079,909)	1,761,613
Off balance sheet	21,706	8,324	(8,981)	22,363
	3,991,400	897,569	(1,920,836)	5,014,667

Movement in expected credit losses throughout the year

		IFRS 9 31 December 2023		
	31/12/2023	Additional	Release	31/12/2022
	$	$	$	$
Cash and cash equivalents	573	343	(23)	253
Loans & advances to banks	1,054,097	727,061	(142,324)	469,360
Loans & advances to customers	2,176,021	957,140	(328,346)	1,547,227
Investment securities at FVOCI	1,761,613	599,762	(22,939)	1,184,790
Off balance sheet	22,363	16,738	(11,767)	17,392
	5,014,667	2,301,044	(505,399)	3,219,022

	31 December 2024 $	31 December 2023 $
Movement in ECL		
At 1 January	(5,014,667)	(3,219,022)
Movements in ECL	1,023,267	(1,795,645)
At 31 December	(3,991,400)	(5,014,667)

	31 December 2024 $	31 December 2023 $
Reconciliation of impairment charges		
Movements in ECL	1,023,267	(1,795,645)
Write offs	(1,053,181)	-
Total Impairment Charges	(29,914)	(1,795,645)

Analysis of risk concentration

The Bank's concentrations of risk are managed by counterparty and by country.

The maximum credit exposure net of collateral to any single counterparty as of 31 December 2024 was $14,918,934 (31 December 2023: $24,496,398).

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for the year ended 31 December 2024

24. Financial instruments and risk management (Continued)

The Bank's concentration of exposure to credit risk before collateral and net of ECL and corresponding collateral can be analysed by the following geographical regions.

	Exposure 31 December 2024 $	Collateral 31 December 2024 $	Exposure 31 December 2023 $	Collateral 31 December 2023 $
Nigeria	195,195,216	63,204,274	173,180,778	58,476,097
Turkey	42,550,660	-	45,402,268	-
United Kingdom	44,519,588	10,500,116	33,464,193	15,303,803
USA	33,187,606	-	32,072,472	-
Tanzania	17,471,743	-	28,275,656	-
Angola	14,188,183	-	7,570,412	-
Burundi	12,575,104	-	-	-
Côte d'Ivoire	11,924,193	-	6,982,330	-
Ghana	8,995,921	-	4,410,821	-
Italy	8,033,233	-	-	-
Kenya	5,667,844	-	7,513,982	-
Saudi Arabia	4,944,243	-	-	-
UAE	4,829,945	-	-	-
Egypt	4,308,553	-	1,639,770	-
Togo	1,367,435	-	-	-
India	1,293,478	-	2,087,407	-
Germany	1,092,141	-	1,474,321	-
Ethiopia	918,489	-	-	-
Rwanda	843,340	-	803,825	-
Senegal	260,124	-	-	-
Belgium	146,589	-	203,943	-
Bangladesh	4	-	4	-
	414,313,632	**73,704,390**	**345,082,182**	**73,779,900**

The Bank's exposure to Nigeria is mitigated by cash deposits from the Parent held under a legal right of set-off agreement, cash deposits from other parties and cash collateral contractually held for settlement of trade finance exposures. The Bank's exposure to United Kingdom is mitigated by security of a first legal charge on residential properties in the buy to let portfolio.

The Bank's concentration of exposure to credit risk before collateral and net of ECL and corresponding collateral can be analysed by the following asset categories.

	Exposure 31 December 2024 $	Collateral 31 December 2024 $	Exposure 31 December 2023 $	Collateral 31 December 2023 $
Cash and cash equivalents	7,266,550	343	7,498,376	3,365
Loans & advances to banks	215,293,067	57,567,454	179,580,081	47,826,848
Loans & advances to customers	86,092,409	10,500,116	74,582,276	19,612,586
Investments	40,748,758	-	51,488,541	-
Other Assets	12,446,633	-	8,349,698	-
Off balance sheet	52,466,215	5,636,477	23,583,210	6,337,101
	414,313,632	**73,704,390**	**345,082,182**	**73,779,900**

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25. Current and non-current financial assets and financial liabilities

At 31 December 2024	Current 0-3 months $	Current 3-6 months $	Current 6-12 months $	Non Current 1-5 years $	Above 5 years $	Total $
Financial Assets						
Cash and cash equivalents	7,266,846	-	-	-	-	7,266,846
Loans & advances to banks	92,721,512	88,520,553	35,003,640	-	-	216,245,705
Loans & advances to customers	28,864,500	23,709,368	35,785,667	-	-	88,359,535
Investments	148,501,188	14,989,600	11,455,092	19,095,245	2,720,578	196,761,703
Forward FX contracts	1,373,750	58,646	-	-	-	1,432,396
Other assets	4,033,979	-	8,412,654	-	-	12,446,633
	282,761,775	127,278,167	90,657,053	19,095,245	2,720,578	522,512,818
Financial Liabilities						
Deposits from banks	143,547,628	93,426,598	43,544,729	-	-	280,518,956
Deposits from customers	88,368,442	46,679,213	25,293,659	-	-	160,341,314
Subordinated liabilities	-	-	-	-	9,600,000	9,600,000
Forward FX contracts	436,415	1,058,291	684,116	-	-	2,178,822
Other liabilities	1,771,878	1,911,689	4,298,436	-	-	7,982,003
	234,124,363	143,075,791	73,820,940	-	9,600,000	460,621,095

All numbers are gross of ECL. In 2024, the total current financial assets were $500,696,995, total non-current assets were $21,815,823. In 2024, the total current financial liabilities were $451,021,094, total non-current liabilities were $9,600,000.

At 31 December 2023	Current 0-3 months $	Current 3-6 months $	Current 6-12 months $	Non Current 1-5 years $	Above 5 years $	Total $
Financial Assets						
Cash and cash equivalents	7,499,114	-	-	-	-	7,499,114
Loans & advances to banks	109,224,804	32,132,510	24,036,389	15,240,475	-	180,634,178
Loans & advances to customers	15,710,527	13,829,186	21,486,733	23,739,626	1,992,225	76,758,297
Investments	138,580,781	2,000,505	-	30,834,314	16,484,849	187,900,449
Forward FX contracts	63,497	98,549	1,435,698	-	-	1,597,744
Other assets	2,657,893	-	5,691,805	-	-	8,349,698
	273,736,616	48,060,750	52,650,625	69,814,415	18,477,074	462,739,480
Financial Liabilities						
Deposits from banks	207,422,475	24,666,908	-	-	-	232,089,383
Deposits from customers	62,479,345	25,550,207	63,932,488	3,369,556	-	155,331,596
Subordinated liabilities	-	-	-	-	9,600,000	9,600,000
Forward FX contracts	861,772	156,236	30,891	-	-	1,048,899
Other liabilities	1,595,921	2,437,173	2,985,167	-	-	7,018,261
	272,359,513	52,810,524	66,948,546	3,369,556	9,600,000	405,088,139

All numbers are gross of ECL. In 2023, the total current financial assets were $374,447,991, total non-current assets were $88,291,489. In 2023, the total current financial liabilities were $392,118,583, total non-current liabilities were $12,969,556.

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26. Capital management

The Bank is required to maintain a regulatory minimum capital as prescribed by the Individual Capital Guidance (ICG) which is based on Pillar 1 and 2 capital and other requirements.

Capital management policy

The Bank manages its capital through an Internal Capital Adequacy Assessment Process ("ICAAP") and regular monitoring of the capital requirements based on the business profile.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by management.

27. Fair value

Fair values of financial assets and liabilities not carried at fair value

Cash and cash equivalents are short term in nature and the carrying value is considered to be the fair value.

Loans and advances to banks and customers are largely considered to be short term in nature and where these relationships are longer term there are considered to be no material factors in terms of impairment, credit or market risk and as such the carrying value is deemed a reasonable approximation of their fair value.

Deposits from banks and customers are largely considered to be short term in nature and where these relationships are longer term there are no material factors in terms of credit or market risk and as such the carrying value is deemed a reasonable approximation of their fair value.

The carrying amounts of the Bank's financial assets and liabilities measured at amortised cost are also deemed to be a reasonable approximation of the fair value of those assets and liabilities.

Fair values of financial assets and liabilities that are carried at fair value

The fair value measurement of the Bank's bonds, HQLA investments and government fund investments are categorised as level 1 in the fair value hierarchy because these investments can be traded in an active market and prices are readily available on an arm's length basis.

The fair value measurement of the Bank's derivative financial instruments and other fund investments are categorised as level 2 in the fair value hierarchy because they can be determined by using observable market data from financial data providers. The derivative financial instruments are priced using market data from exchanges. The other fund investments are priced using a quoted price based on net asset value and the market is considered inactive. Further details of the fair value assets are found in note 15.

There are no financial assets or liabilities carried at fair value which are classified as Level 3. There have been no transfers of assets in or out of the Level 3 classification.

All statements relating to fair value are made to both 2024 and 2023.

Notes to the Financial Statements

for the year ended 31 December 2024

28. Share capital and reserves

	31 December 2024 $	31 December 2023 $
Issued and fully paid shares of $1.00 each	53,900,000	53,900,000

	No. of shares	No. of shares
Issued and fully paid shares of $1.00 each	53,900,000	53,900,000

Share capital represents the nominal value of ordinary shares issued and fully paid. The issued share capital carries one voting right per share and does not carry any rights to fixed income.

Retained earnings consist of the statutory reserve which has to be formed in accordance with national law and undistributed profits from previous years.

Other reserves show the effects from the fair value measurement of financial instruments in the category of FVOCI. Any gains or losses are not recognised in profit or loss until the asset has been sold or impaired.

29. Letters of credit, guarantees and commitments

As at the reporting date, the Bank had the following letters of credit, guarantees and commitments:

	31 December 2024 $	31 December 2023 $
Confirmed letters of credit - banks	30,651,917	12,847,435
Issued letters of credit - banks	82,917	950,054
Commitments - banks	16,808,812	2,184,400
Commitments - customers	4,944,275	7,623,684
	52,487,921	23,605,573

Notes to the Financial Statements

for the year ended 31 December 2024

29.1. Lease liability maturity analysis

The Bank leases property under a lease agreement. During 2024, the Bank signed a new, separate lease which has a term of two years.

The aggregate minimum lease payments under this lease are as follows:

Lease Liability (actual payments)	**31 December 2024 $**	**31 December 2023 $**
In one year	378,295	132,851
In more than one year but less than five years	138,744	-
In more than five years	-	-
	517,039	132,851

Lease Liability		***31 December 2024 $***	***31 December 2023 $***
As at 1 January	Lease liability	130,811	1,605,269
	Disposals	-	(1,185,263)
	Additions	772,961	-
	FX movement	(24,010)	92,686
	Payments	(400,724)	(408,491)
	Interest	17,717	26,610
As at 31 December		496,755	130,811

30. Subordinated liabilities

Subordinated liabilities	**31 December 2024 $**	**31 December 2023 $**
As at 1 January	9,600,000	9,600,000
As at 31 December	9,600,000	9,600,000

The subordinated liabilities are all fixed rate subordinated notes.

31. Related party transactions

31.1. Compensation of key management personnel

The key management personnel are considered to be the Board of Directors and members of the Executive Committee. Please refer to note 8 for details of the Directors' remuneration.

Notes to the Financial Statements

for the year ended 31 December 2024

	31 December 2024 $	31 December 2023 $
Short term benefits	4,190,887	3,168,557
Post-employment benefits	12,384	9,483
	4,203,271	3,178,040

There were no other long term benefits or termination benefits in 2024 or 2023.

	31 December 2024 $	31 December 2023 $
Loans		
At the beginning of the year	-	15,457
At the end of the year	-	-

Loans payable by key management personnel are subject to fixed rates of interest for fixed repayment terms. The rates of interest are above the HMRC reference rate which is currently 2.25% and the fixed terms are a maximum of 24 months.

31.2. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial operational decisions. Other related parties include other group subsidiary companies and group directors.

The Bank had the following related party positions:

	31 December 2024 $	31 December 2023 $
Parent company		
Loan and advances		
Interest bearing	57,602,268	56,664,884
Other assets:		
Accrued interest	689,320	1,269,242
Other non-interest bearing	835,661	603,492
Deposits		
Interest bearing	67,017,366	54,167,317
Other liabilities		
Accrued interest	261,699	263,199
Other non-interest bearing	45,424	-
Letters of credit	5,636,478	1,340,726
Other related parties		
Loans		
To related party individuals	124,107	426,305
Deposits		
From related party companies	1,733,624	3,159,982
From related party individuals	3,136,257	2,813,514

Notes to the Financial Statements

for the year ended 31 December 2024

Parent company short term deposits include $9,957,533 cash collateral (2023: $2,652,439). Related party companies include group subsidiary companies. Related party individuals include group directors.

	31 December 2024 $	31 December 2023 $
The Bank's related party transactions during the year comprised:		
Interest receivable from parent company	4,872,016	4,260,700
Interest receivable from related party individuals	47,523	39,324
Interest payable to parent company	3,117,545	2,572,140
Interest payable to related party companies	68,978	60,172
Interest payable to related party individuals	130,543	69,381
Fees charged to parent company	200,000	200,000
Fees recharged to parent company included within other income	1,505,084	2,911,540

32. Events after the year end

There were no material events after the year end.

33. Ultimate controlling party

FCMB Group Plc, which is incorporated in Nigeria, is the Bank's ultimate parent undertaking and ultimate controlling related party. The Bank's immediate parent company is First City Monument Bank Limited which is incorporated in Nigeria.

Copies of the financial statements for FCMB Group Plc are available from FCMB Bank (UK) Limited, 81 Gracechurch Street, London EC3V 0AU, or from the parent's office at Primrose Towers, 17A Tinubu Street, Lagos, PO Box 9117 Nigeria or from the group website: www.fcmb.com.

The largest and smallest group of undertakings for which consolidated accounts have been drawn up is FCMB Group Plc and First City Monument Bank Limited respectively.