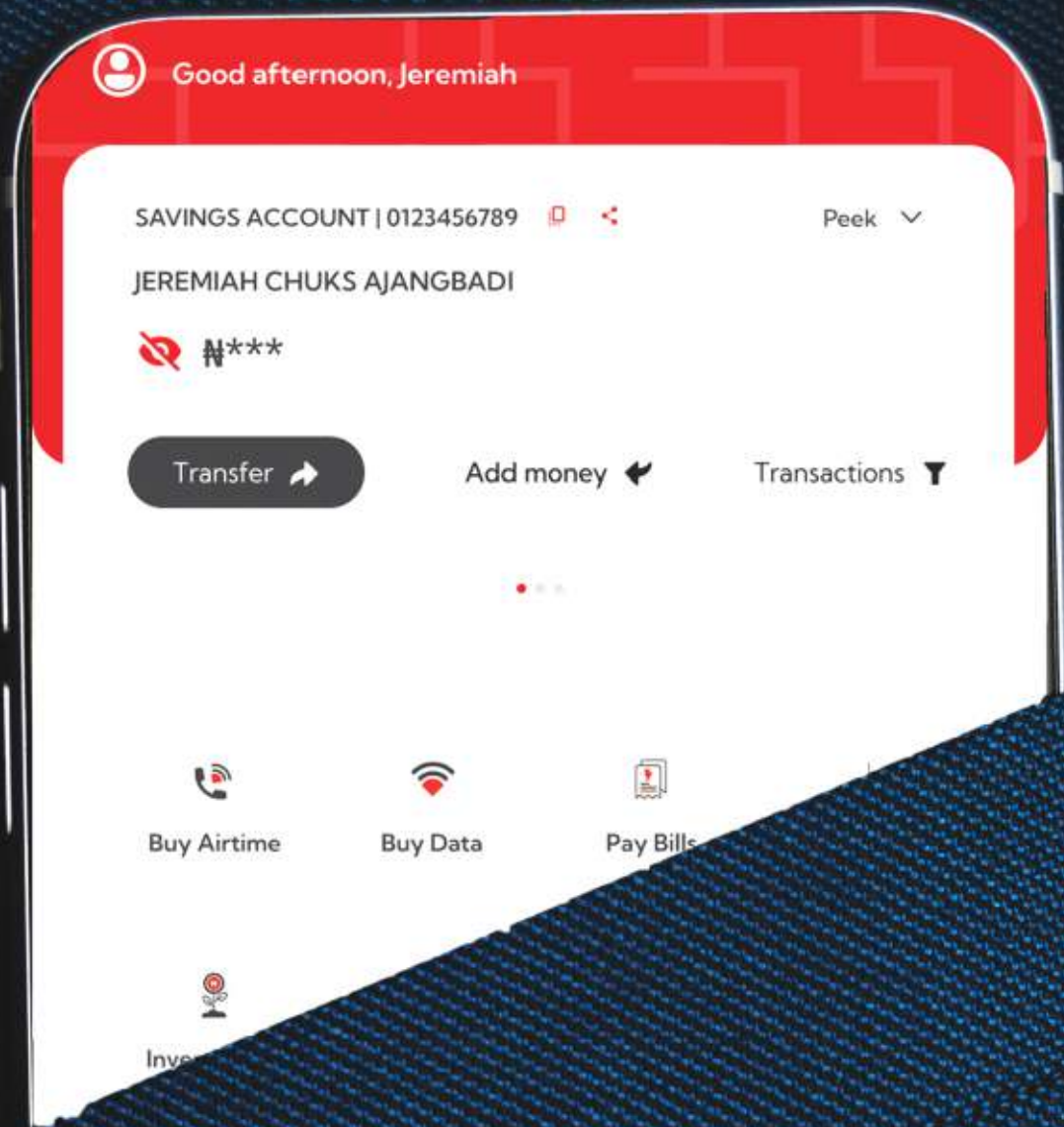


2023 ANNUAL REPORT
& FINANCIAL STATEMENTS

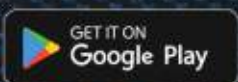


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 Premium Trust
Bank

OVERVIEW

A summary of the bank's operational and financial achievements in the past year



CORPORATE PHILOSOPHY

OUR VISION

TO BE THE
BANK OF FIRST
PREFERENCE

OUR MISSION

TO DELIVER NOVEL SOLUTIONS
THROUGH INNOVATION, TECHNOLOGY,
AND PREMIUM SERVICES

OUR CORE VALUES

I - C C L A S E

INTEGRITY

CREATIVITY

CONTINUOUS LEARNING

ADROITNESS

SERVICE EXCELLENCE



CORPORATE INFORMATION

Board of Directors

Dr. Perez Araka	Chairman
Emmanuel Efe Emefienim, CON	Managing Director/CEO
Sir Emmanuel Onyekwena	Non-Executive Director
Dr. Godwin Abhulimen	Non-Executive Director
Neville Atigan	Non-Executive Director
Charles Obukofe	Non-Executive Director
Olugbenga Omojola	Non-Executive Director
Anthony Adejugbe	Non-Executive Director
Dr. Victor Olowogoroye	Non-Executive Director
Temitope Mark	Non-Executive Director
Uchenna Igwebuikwe	Independent Non-Executive Director
Barr. Justina Lewa	Independent Non-Executive Director
Olubukunola Awosanya	Executive Director
Shina Atilola	Executive Director

Company Secretary

Chukwuemeka Nwaogu
FRC/2022/PRO/CIIN/002/764830

Registered Office

Plot 1612, Adeola Hopewell Street,
Victoria Island, Lagos.

Auditors

Deloitte & Touche
Civic Towers
Plot GA1, Ozumba Mbadiwe Avenue,
Victoria Island, Lagos.

CORPORATE PROFILE

PremiumTrust Bank was incorporated as a limited liability company on October 6th, 2021, and licensed by the Central Bank of Nigeria (CBN) as a commercial bank on December 14th, 2021. The Bank commenced operations on April 19th, 2022.

As a reflection of its rapid growth and expanding influence, PremiumTrust Bank currently operates 15 branches strategically located across various geopolitical zones in the country, with its Head Office currently located at Plot 1612 Adeola Hopewell Street, Victoria Island, Lagos. The Bank aims to increase its branch footprint to 35 locations by the end of 2024.

As a **“phygital bank”**, PremiumTrust Bank has remained steadfast in its commitment to innovation and digitization, through seamless integration of traditional brick-and-mortar branches, and convenient digital channels, to cater for the diverse needs of today's banking customers. PremiumTrust Bank's focus on innovation and technology has earned the bank several prestigious awards. In 2022, PremiumTrust Bank clinched three (3) awards to wit: the **“Most Innovative Bank of the Year”** award by Leadership Media Awards; **“Nigeria's Fastest Growing Bank”** and **“Bank of The Year (Sports Development)”** from the Management of BusinessDay Banks & Other Financial Institutions Awards (BAFI) Committee. In the current year, 2023, PremiumTrust Bank received four major awards namely: **“Fastest Growing Commercial Bank in Nigeria”** from Finance Derivative, Netherlands; **“Emerging Partner of the Year”** from Interswitch; **“Most Innovative Mobile Banking Application of the Year”** and a second consecutive award of **“Fastest Growing Bank”** from the BusinessDay Banks and Other Financial Institutions (BAFI) Awards.

In the area of Sports Development, Premium Trust Bank remains committed to providing the needed platform to help athletes grow and excel in their chosen endeavours, which is consistent with our tagline - **“Together for Growth”**. PremiumTrust Bank was the Official Banker/Lead Sponsor to The National Sports Festival 2022 within just six (6) months of operations; sponsored and kitted Bayelsa Queens FC who represented Nigeria at the CAF Women's Champions League Competition in Morocco 2022, where they returned with a Bronze Medal; signed on two world-class renowned Athletes, Tobi Amusan and Ese Brume as Brand Ambassadors; and has partnered with the Athletics Federation of Nigeria as Official Sponsor since 2022.

At PremiumTrust Bank, our commitment to Corporate Social Responsibility (CSR) reflects our firm belief in the power of businesses to drive positive societal change. Through our CSR initiatives, PremiumTrust Bank has contributed to the betterment of society and created shared value for customers, employees, shareholders, and communities. We remain dedicated to making a meaningful and positive impact, and leading by example in the banking industry.

The leadership at PremiumTrust Bank is the cornerstone of its success, and comprises of seasoned professionals who bring a wealth of experience, expertise, and innovative thinking to the Bank.

“Through our CSR initiatives, PremiumTrust Bank has contributed to the betterment of society and created shared value for customers, employees, shareholders, and communities.”



CORPORATE PROFILE

“PremiumTrust Bank is well-positioned to achieve its strategic objectives, drive sustainable growth, and deliver value to its customers, shareholders, and the wider community.”

At the helm of PremiumTrust Bank is a Board of Directors that is diverse in both experience and background, with members who have spent decades navigating the complexities of the business environment. Their collective insights are instrumental in shaping the Bank's strategic direction, ensuring that it remains agile and responsive in an ever-evolving financial landscape.

The Executive Management team, led by the Managing Director/CEO, Mr. Emmanuel Efe Emefienim, CON, is responsible for the day-to-day operations and execution of the bank's strategy. Mr. Emmanuel Efe Emefienim was recognized as an exceptional CEO in The Guardian's 2022 Annual CEO Series "Fifty (50) Value-Driven CEOs of Excellence that powered Nigeria's Economic Growth in 2022". In 2023, he was invested as a distinguished Fellow of the Chartered Institute of Bankers of Nigeria (FCIB). Furthermore, in recognition of his exceptional service to the benefit of the country, he was conferred as Commander of the Order of the Niger (CON) by the President of the Federal Republic of Nigeria. These awards and conferment are a testament of his tenacious drive for excellence.

The Management team is composed of highly qualified individuals with expertise in various aspects of banking, finance, technology, and risk management. Their leadership is characterized by a commitment to innovation, operational excellence, and customer-centricity. Together, the Board of Directors and the Executive Management team foster a culture of transparency, accountability, and ethical governance. They are dedicated to upholding the highest standards of corporate governance, ensuring that PremiumTrust Bank operates with integrity and in full compliance with regulatory requirements.

Under this strong leadership, PremiumTrust Bank is well-positioned to achieve its strategic objectives, drive sustainable growth, and deliver value to its customers, shareholders, and the wider community. The leadership's vision and commitment are key drivers in PremiumTrust Bank's journey to becoming the most preferred bank by 2027 and a leading force in retail and consumer banking in Africa by 2032.



OUR MILESTONES





FINANCIAL HIGHLIGHTS

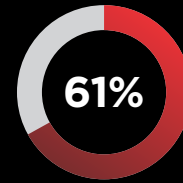
(FY-2023)

OVERVIEW



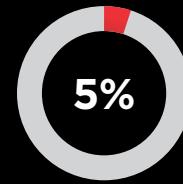
GROSS EARNINGS
N47.8 billion

RETURN ON EQUITY (ROE)



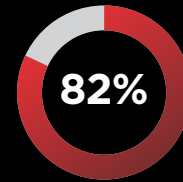
PROFIT BEFORE TAX
N14.1 billion

RETURN ON ASSETS (ROA)



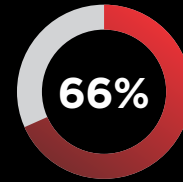
PROFIT AFTER TAX
N9.3 billion

NET INTEREST MARGIN



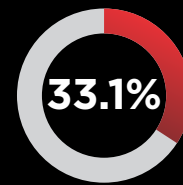
CUSTOMER DEPOSITS
N260.9 billion

COST-TO-INCOME



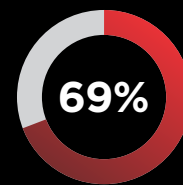
TOTAL LOANS
N181.2 billion

LIQUIDITY RATIO

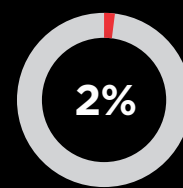


TOTAL ASSETS
N311 billion

LOAN-TO-DEPOSIT RATIO



COST OF FUNDS (CoF) RATIO



Dr. Perez Araka, FNSE
Chairman, Board of Directors

“ We remain resolute in our commitment to financial inclusion, serving the banked, underbanked, and unbanked segments of the populace nationwide... ”



CHAIRMAN'S STATEMENT

Distinguished Shareholders, Ladies, and Gentlemen;

On behalf of the Board of Directors of PremiumTrust Bank, I am delighted to welcome you all to our inaugural Annual General Meeting and to present to you the Annual Report and Financial Statements of PremiumTrust Bank for the 18-month financial period ended December 31st, 2023.

I am pleased to report that during the financial year under review, PremiumTrust Bank received approval from the Central Bank of Nigeria (CBN) to commence its financial reporting year from July 2022 for a period of 18 months. The extended reporting period enabled us to effectively capture and reflect our operational and financial performance, providing a comprehensive overview as we continue to build a solid foundation for sustained growth.

The year 2023 was indeed an exceptional year in many regards, particularly as a result of the myriads of challenges that beset the global and domestic macroeconomic environment and their resultant impact on businesses. Nonetheless, PremiumTrust Bank responded well by adapting our strategies to leverage inherent opportunities within the business environment to create value for all our stakeholders.

We started the year on a good note and finished stronger than we started, despite the unprecedented headwinds faced. Against this background, I will review the macroeconomic and financial environment within which our bank operated during the financial year.

OPERATING ENVIRONMENT

On the global scene in the year 2023, investors had to contend with multiple headwinds including inflationary pressures, volatile geopolitical relations, and ecological factors. The persistence of the Ukraine-Russia conflict and the escalation of the Israeli-Hamas war resulted in substantial displacements, geopolitical tensions and supply shocks. These global shockwaves resulted in a surge in food, energy, and transportation costs, propelling markets to respond with rapid shifts in sentiments and valuations. This was followed by a globally synchronized monetary policy tightening as global policymakers were compelled to increase policy rates to moderate commodity price shifts.

Nigeria was not spared from the impact of these global events. The country grappled with a tough operating environment, characterised by slow GDP growth, foreign exchange illiquidity, currency devaluation which saw the naira cross the N1,000/\$ benchmark, and elevated price levels which further diminished the purchasing power of consumers. During the 2023 financial year, the country also witnessed general elections and a transition to a new government with policy focus on unification of exchange rates, petrol subsidy removal which further exacerbated the pressure on the fuel price levels.

According to the National Bureau of Statistics (NBS), Nigeria's inflation rate surged to a multi-year high of 28.92% in December 2023 (representing a year-on-year increase of 7.58%), with food and core inflation spiking to 33.90% and 23.06% respectively. To curb inflationary pressures, the Central Bank of Nigeria (CBN) increased the Monetary Policy Rate (MPR) by a cumulative of 225 basis points to 16.5% between January and July 2023 and has continued with this tightening monetary stance.

FINANCIAL PERFORMANCE

PremiumTrust Bank effectively navigated the challenging macroeconomic terrain by implementing strategic initiatives which significantly improved the growth prospects and profitability in our first full year of operation. It was truly a remarkable year in terms of financial performance as the bank realised a strong topline performance of N47.80 billion in gross earnings. Despite the challenging macroeconomic environment, PremiumTrust Bank closed the year with Total Assets of N311 billion, Total Deposits of N261 billion, Shareholders' Funds of N36.20 billion and Earnings Per Share (EPS) of N35.90k, attesting to our resilience as a brand.

CHAIRMAN'S STATEMENT

“ We ensure innovation takes the centre stage in the creation, development, and improvement of our product offerings and service provision as we recognise the competitive edge it gives us. ”

Our robust risk management framework continues to guide our creation of risk assets, ensuring loans are extended to high quality customers. This was instrumental in achieving a nil Non-Performing Loan (NPL) position. When considered in the light of the macroeconomic volatilities the nation experienced during the financial year, these results take on considerable significance.

At PremiumTrust Bank, technology and innovation remain at the core of what we do. We ensure innovation takes the centre stage in the creation, development, and improvement of our product offerings and service provision. Furthermore, we remain resolute in our commitment to financial inclusion, serving the banked, underbanked, and unbanked segments of the populace nationwide through our growing network of agents.

THE BOARD OF DIRECTORS

The Board of PremiumTrust Bank has continued to carry out its fiduciary responsibilities through its Board Committees. Our corporate governance framework ensures that the Board's independence is always maintained and our dealings both within and outside the Bank are conducted in accordance with the highest ethical standards.

During the financial year, two Non-Executive-Directors: Messrs Victor Olowogoroye and Temitope Mark were appointed to the Board. They bring their wealth of experience to the Board and their contributions have been phenomenal. With these appointments, the Board currently comprises of a total of fourteen (14) members, with the majority serving as Non-Executive Directors in line with global corporate governance standards.

The Board remains dedicated to ensuring that our business practices are tailored towards a strong corporate governance and risk management framework.

2024 OUTLOOK AND BEYOND

Although, 2023 brought with it significant challenges for both local and global markets, we believe there are positive prospects for 2024.

The International Monetary Fund (IMF) is expected to revise its global growth forecast for 2024 upwards on the back of expected gains from monetary easing, stronger-than-expected resilience in the first half and sustained supply chain normalization. The IMF's output growth projection of 3.10% for Nigeria suggests an improvement from 2023.

Looking ahead, we anticipate sustained pressure on operating expenses due to foreseen persistent inflation and foreign exchange volatilities in H2:2024. However, PremiumTrust Bank will continue to deploy various cost optimizing strategies to manage its Cost-to-Income ratio to offset the impact of higher running costs. In view of this, we maintain a positive outlook for 2024.

The Board of Directors and Management team remain focused on delivering on our mission and implementing our strategy to drive long-term value creation. In 2024 and beyond, we plan to strengthen the bank's financial performance by expanding our geographical footprints, focusing on customer centricity, and taking full advantage of digital innovation. We will continue to comply with all extant laws governing the banking sector while investing in cutting-edge technology to yield tremendous results.

APPRECIATION

I would like to take this opportunity to extend my gratitude to my colleagues on the Board, whose commitment and valuable counsel have propelled the bank forward. I commend the Managing Director/CEO and the Executive Management team for their outstanding leadership in going above and beyond to meet the demands of all stakeholders. The Board is confident that the Executive Management will achieve significant milestones in 2024 as the journey to being the preferred and the most innovative digital bank continues.




CHAIRMAN'S STATEMENT

I thank the members of staff, particularly for their dedication in ensuring the bank's corporate objectives are achieved while upholding best practices, satisfying our customers, and creating value for all our stakeholders.

A special appreciation goes to our customers and shareholders for their consistency, trust, and unwavering support to the Board and Management team. We also recognize the guidance and support of our regulators in building an enduring processes and systems. We assure all our stakeholders of a sustained excellent performance by our bank as we continue this journey of growth together.

Looking forward to a more rewarding year in 2024.

Dr. Perez Araka, FNSE
Chairman, Board of Directors
FRC/2022/PRO/DIR/003/536053



Emmanuel Efe Emefienim, CON, FCIB
Managing Director/ CEO

“ Undeterred by the uncertain business environment, we recorded a Pre-Tax Profit of N14.10 billion, with a Pre-Tax Return on Equity (ROE) ratio of 61.00%, and an outstanding cost of funds of 2.00% in the year under review. ”



MD/CEO's STATEMENT

Dear Esteemed Shareholders,

It is my profound privilege to present to you our inaugural annual report and financial statements, as the Managing Director and Chief Executive Officer of PremiumTrust Bank. This report outlines our performance for the financial year ended December 31st, 2023.

The year 2023 was indeed a remarkable and significant year for our bank as we achieved record-breaking feats in our first full year of operations. We secured a national banking license, expanded our branch network, closed the financial year with a double-digit audited Profit Before Tax (PBT), and received numerous awards. These laudable achievements are a testament to our unwavering commitment to excellence, a well-defined organizational strategy, superior service quality, professionalism and dedication of our entire team. Before reviewing our performance, let me provide some context.

MACROECONOMIC REVIEW

The year 2023 was marked by various macroeconomic challenges that adversely impacted businesses globally. The protracted Russia-Ukraine war and the Israeli-Hamas conflict also had their attendant effects on inflation and global oil prices. These conflicts led to heightened geopolitical tensions, humanitarian crises, economic uncertainties, and escalated operational costs across multiple regions. Consequently, most Central Banks across the globe were compelled to raise interest rates in response to elevated inflationary levels amidst slow economic growth.

Domestically, the conclusion of the general elections, the petrol subsidy removal, and the exchange rate unification were the top three factors that shaped the Nigerian economy. The country faced foreign exchange pressures, structurally high inflation, significant deterioration in the investment landscape coupled with tepid economic growth with GDP growth rate moderating to 2.70% (year-on-year) in 2023 from 3.10% in the preceding year.

To rein in spiralling inflation, the Central Bank of Nigeria (CBN) adopted a tightening monetary stance with multiple adjustments to the monetary policy rates, amongst other measures.

In July 2023, the Monetary Policy Committee (MPC) of the CBN hiked the Monetary Policy Rate (MPR) to 18.75%, resulting in a cumulative increase of 225 basis points during the year.

OUR PERFORMANCE

Despite the volatile market conditions experienced in the year, we remained resilient and committed to our goal of value creation for our stakeholders. PremiumTrust Bank delivered a remarkable performance in 2023 with gross revenue of N47.80 billion, primarily driven by earnings from lending activities, supported by interest on investment securities, placements, and short-term funds. Undeterred by the uncertain business environment, we recorded a Pre-Tax Profit of N14.10 billion, with a Pre-Tax Return on Equity (ROE) ratio of 61.00%, and an outstanding cost of funds of 2.00% in the year under review.

PremiumTrust Bank's Total Assets stood at N311 billion. Our risk asset quality remained robust with a loan book of N181 billion and zero non-performing loans (NPLs), a testament to our strong risk management framework. Our focus on cost efficiency was greatly reflected in our cost-to-income ratio of 66.00%.

Beyond the numbers, the bank also made significant achievements in non-financial components. As at 2023 financial year-end, we had commissioned 40 Automated Teller Machines (ATMs) and issued 68,461 ATM/Debit Cards. At the end of the 2023 financial year, the volume of transactions on our mobile banking and corporate internet banking platforms were well over N129 billion and N150 billion, respectively.

In line with our branch expansion strategy, we opened 15 branches in 2023, and we remain committed to further extending our footprint.

MD/CEO's STATEMENT



>N129bn

MOBILE BANKING
TRANSACTIONS



>N150bn

INTERNET BANKING
TRANSACTIONS



68,461

TOTAL NUMBER ATM
OF CARDS ISSUED



40

COMMISSIONED
ATM MACHINES

Facts beyond the numbers as at 31 December, 2023.

CORPORATE SOCIAL RESPONSIBILITY

At PremiumTrust Bank, our Corporate Social Responsibility (CSR) initiatives are built on three pillars: i. Sports and Youth Empowerment, ii. Education, and iii. Health. These three pillars (SDGs 3,4 and 11) are in tandem with the Sustainable Development Goals (SDG) of eradicating poverty, promoting good health and well-being, providing quality education, and building sustainable cities and communities. We believe these initiatives are highly essential for the development of communities and holistic economic growth.

Since inception, we have greatly prioritized CSR, demonstrating our desire to positively impact our communities and society at large. We have encouraged sporting activities by sponsoring the 2022 National Sports Festival, supporting the Bayelsa FC Queens to the CAF Women's Champions League in Morocco, where the team emerged third place - the first time a Nigerian female team achieved such feat. Our initiatives also include partnerships with the Athletics Federation of Nigeria (AFN) to support athletics at all levels and ambassadorial partnerships with Tobi Amusan, Women's 100m Hurdles World Record Holder, and Ese Brume, Women's Long Jump Gold Medallist, aimed at inspiring the next generation of women to unreservedly pursue their dreams.

We have also undertaken several Give-Back initiatives, providing food and welfare items to orphanages and promoting financial literacy among the next generation. We remain committed to our social responsibilities as we believe that our social investments contribute to economic growth.

AWARDS AND RECOGNITION

Since we commenced operations, we have remained committed to our strategic focus of service excellence, innovation, and digitization. This has garnered us awards and recognition from prestigious institutions and industry observers for our relentless efforts. In 2023, we received the Award for the Fastest Growing Commercial Bank by Finance Derivative Awards, Netherlands. Our mobile banking application was recognized as the Most Innovative Mobile Banking Application, and our bank was awarded the Fastest Growing Bank of the year by Business day's Banks and Other Financial Institutions (BAFI) Awards for the second consecutive year. We were also honoured as the Emerging Partner of the Year by Interswitch.

OUR PEOPLE

Underpinning our growth and achievements in 2023 are the contributions of our most valued assets - our steadfast staff, whose skill, resilience, and commitment to excellence continue to propel our operations to enviable heights amid external volatility. Our people have stayed true to our Core Values: Integrity, Creativity, Continuous Learning, Service Excellence, and Adroitness.

We acknowledge the diversity of our employees in terms of competence, capacity, and experience, as our competitive edge. Hence, we will continue to invest in our workforce by providing them with the best-in-class training and development programmes to enhance the overall professional competence of our staff while fostering an environment where innovation thrives.



MD/CEO's STATEMENT

“ We will continue to provide exceptional service to our customers and adapt promptly to changes in macroeconomic conditions while delivering value to our shareholders. ”

LOOKING AHEAD

As we embark on the next phase of our growth journey, I am confident in our ability to achieve our aspirations through a sustained focus on our strategic priorities. We will continue to provide exceptional service to our customers, adapt rapidly to changes in macroeconomic conditions while delivering exceptional value to our shareholders.

As part of our expansion strategy, we are committed to extending our footprint to strategic locations nationwide.

We are determined to sustain our growth momentum to achieve our vision of being the bank of first preference. To this end, we have harmonised our forward-looking commitments as follows:

- To be the most preferred bank in Nigeria by 2027.
- To be the best innovative digital bank in Nigeria by 2027.
- To be the leading voice in retail and consumer banking in Nigeria by 2027.
- To be the most efficient bank in terms of Return on Equity (ROE) in Nigeria by 2027.

CONCLUSION

I extend my deepest gratitude to our distinguished members of the board of directors led by the Chairman. I also acknowledge our shareholders, customers, employees and all stakeholders for their unwavering support throughout 2023. Your trust in us has been the driving force behind our success and we remain committed to delivering the best possible value to you. On behalf of the Executive Management, I want to specially appreciate you all for your dedication to PremiumTrust Bank's success as we forge ahead to achieve greater heights in 2024 and beyond.

Thank you.

Yours Sincerely,

Emmanuel Efe Emefienim, CON, FCIB
Managing Director/ CEO
FRC/2022/PRO/DIR/003/818606

AWARDS & RECOGNITIONS

2022

LEADERSHIP AWARDS, 2022
Most Innovative Bank of the Year

BANKS & OTHER FINANCIAL INSTITUTIONS (BAFI)
Nigeria's Fastest Growing Bank

BANKS & OTHER FINANCIAL INSTITUTIONS (BAFI)
Bank of the Year (Sports Development)

2023

FINANCE DERIVATIVE AWARDS, NETHERLANDS
Fastest Growing Commercial Bank

BANKS & OTHER FINANCIAL INSTITUTIONS (BAFI)
Most Innovative Mobile Banking App of the Year

BANKS & OTHER FINANCIAL INSTITUTIONS (BAFI)
Fastest Growing Bank of the Year

INTERSWITCH
Emerging Partner of the Year



BUSINESS

An analysis of PremiumTrust Bank's products, services, our people, culture, diversity, and sustainability.



PRODUCTS AND SERVICES

PIGGY SAVERS ACCOUNT

The Piggy Savers Account is designed for individuals who want to save towards a specific financial target. The account holder of this account can create a monthly budget on the Blayzz App and unspent funds from the budget are moved to the Piggy Savers Account monthly.

The account is opened with a minimum balance of N2,000.00 and withdrawals can only be made from the sixth month from the date of account opening. The account allows for cheque lodgements of up to N2 million and attracts an interest rate of 6.62% per annum.

However, if a withdrawal is made prior to the sixth month from the account opening date, the interest reverts to the rate for regular savings account and a penal charge of 50% on the interest earned shall apply.

PREMIUM YOUTH SAVER ACCOUNT

The Premium Youth Saver account is created for young adults in higher institutions or National Youth Service Corps (NYSC). The account can be upgraded to a savings account if the required documentation is provided.

This account requires a minimum opening balance of zero and an attractive interest rate which is benchmarked at 30% of the Monetary Policy Rate (MPR). Account holders have the opportunity to attend the bank's exclusive events and personal development workshops. The account holders also have access to our campus ambassador program and internships.

PREMIUM BUSINESS ACCOUNT

The Premium Business Account is designed to provide concession to corporate customers who may require product offerings with zero Account Maintenance Fees (AMF) features. This account requires a zero minimum opening balance and is accessible to microfinance institutions as well as large corporates who have an annual turnover of N5 million or more.

The requirements for this account include a duly completed account opening form, Corporate Affairs Commission (CAC) incorporation documents, a valid means of identification, one passport photograph, Bank Verification Number (BVN) and two suitable references.



URGENT 10K CORPERS ACCOUNT

This is a savings account designed specifically to cater to the unique needs of our Corp Members, offering a credit line of N10,000.00. The holders of this account have access to the bank's mobile application and USSD code and verve cards, providing them with the opportunity to carry out transactions seamlessly.

PREMIUMTRUST AGENCY BANKING

PremiumTrust Bank Agency Banking is a channel designed to provide accessible financial services to the largely unbanked populace. This product's services cut across: Account Opening, Cash Withdrawal, Deposits & Transfers, Bills Payment (Cable TV, Electricity), Airtime & Data Top Up, Real-Time Card Balance Enquiry, Pay with Transfer, Real-Time Transaction Monitoring, and Instant Settlement Cycle.





USSD (*858#)

Our Premium code *858# is the go-to code for fast & seamless transactions. A touchpoint for different types of transactions and financial management from a single point. It enables Instant Account Opening without paperwork, Seamless Transfers, Debit Card Activation and Reset, Seamless Airtime Recharge, and Balance Enquiry Services.

CARDS

VERVE CARDS

- Secured with chip and PIN technology for enhanced protection of funds.
- Flexible and can be used across multiple channels - POS, Web, and ATMs.
- 2-Factor authentication for online transactions.
- Valid for five years from the month of issue.
- Enabled for contactless transactions.

VISA CARDS (International Cards)

- This card comes in different variants i.e. Classic Naira, Classic USD, and Signature USD.

PREMIUM POS TERMINALS

- Accepts payment from all card types.
- Accepts payments from banking apps/third party wallets and generation of receipts via POS Terminals.
- Optimal successful transaction rate.
- Transaction monitoring real time.
- Flexible Settlement Cycles.

PREMIUM AUTOMATED TELLER MACHINES

Our Premium ATM is your banking solution onsite and offsite. Enjoy cash withdrawal, funds transfer, balance inquiry, mini statements, PIN changes, airtime purchases, bill payments, and Quick Teller Transactions at your fingertips.

PREMIUM MOBILE ATM

Premium Mobile ATM (Bank on Wheels) is a one stop shop for carrying out basic banking activities on the go.

CORPORATE INTERNET BANKING

Our Corporate Internet Banking (CIB) platform is a one-stop shop for our corporate clients. It is the main point of interaction for performing banking transactions for all Corporates. It is also a corporate platform for receivables and payments management.

API BANKING SERVICES

Enables other financial institutions and fintechs leverage our API services and infrastructure to power their service offerings.

MULTIBANK COLLECTIONS

Our multi-bank collections platform enables our corporate, commercial, and public sector customers to accept payment from their customers and taxpayers via all commercial bank branches. This collection solution is suitable for corporate organizations, public sector institutions, and SMEs.

DIRECT DEBIT SOLUTION

This enables collections at defined intervals. This solution is suitable for customers/billers with an agreed date of repayment for products and services.

PREMIUMTRUST MOBILE APP

The PremiumTrust Mobile App is your one-stop shop for convenient banking. You can pay bills, transfer funds, perform transactions, and manage your finances using your smartphone. The PremiumTrust Mobile App is available for download on iOS and Android devices.



“ To deepen the employee experience, we are committed to continuously building a sustainable community based on the Trust model of credibility, fairness, respect, pride, and camaraderie required to make PremiumTrust a Great Place To Work. ”



OUR PEOPLE, CULTURE, & DIVERSITY

BUILDING A SUSTAINABLE COMMUNITY THROUGH PEOPLE

At PremiumTrust Bank, our greatest asset is our people. We prioritize fostering a community that embodies inclusivity, connection, communication, collaboration, and collective growth. Guided by 15 behavioural codes, our culture has been a critical success factor, drawing from the collective zeal of all our employees to deliver outstanding results in our first full year.

To create an inclusive environment and a sense of belonging for all employees, we designed the Employee Mood Survey as a weekly feedback mechanism. This tool provides insights into our workforce's emotional well-being, allowing us to address issues proactively. Our Give Back initiative enables employees across locations to collaborate annually in supporting underprivileged communities, positively impacting over 500 lives in 2023.

Our social events, such as TGIF gatherings, have fostered strong bonds and camaraderie among employees in the same geographical locations, resulting in a motivated and productive workforce. Monthly Premium Praise, End of the Year Praise Night, and Carol services are additional social platforms where employees express their talents and sense of belonging.

We prioritize employee health through a comprehensive health insurance scheme that extends to immediate families. Quarterly physical fitness programs, health talks by seasoned medical professionals, and participation in mental, financial, and emotional health webinars reinforce our commitment to wellness.

To mark International Women's Day 2023, we organised a webinar on the theme "Embrace Equity," where renowned female leaders addressed our female community. The male executive management team, led by the MD/CEO, supported the event, demonstrating

our commitment to inclusivity. PremiumTrust Bank also celebrated International Disability Day through our Give Back initiative across all our locations.

To deepen the employee experience, we are committed to continuously building a sustainable community based on the Trust model of credibility, fairness, respect, pride, and camaraderie required to make PremiumTrust a Great Place To Work.

WELLNESS AS A STRATEGY FOR TALENT ACQUISITION, ENGAGEMENT, AND RETENTION

PremiumTrust Bank has prioritized employee well-being through comprehensive wellness programs, which are crucial for our talent acquisition, management, and retention strategies. Our robust health management coverage, health engagement during onboarding, and wellness programs such as Premium Fitness Friday and Weekly Wellness Wednesday are showcased to current and potential employees on our website and social media platforms. These initiatives, along with the Employee Assistance Program (EAP), fitness programs, and health checks, have attracted top talent and fostered a healthy work environment.

OUR PEOPLE, CULTURE, & DIVERSITY



Wellness - A driver of Talent Engagement and Motivation

We have integrated wellness with our professional development initiatives. Workshops on stress management, mindfulness, and resilience have equipped employees with skills that enhance their overall performance. As a result, our employees are better prepared to take on new challenges and advance in their careers. Team-building activities such as “Fitness Friday” and “Fitness at Your Desk” incorporated into our wellness programs have fostered stronger bonds and relationships among our employees.

Wellness has played a pivotal role in our **retention** strategy because our employees feel valued and supported, leading to higher levels of engagement and loyalty. The emphasis on wellness at PremiumTrust Bank has created a positive, healthy, and supportive work environment.

LEARNING AND DEVELOPMENT MANAGEMENT

PremiumTrust Bank has made significant strides in learning and development initiatives. Recognizing that our employees are our most important asset, we have focused on initiatives that enhance their skills, foster their growth, and ensure engagement.

PremiumTrust Bank has invested in various learning and development programs such as the weekly PKE (Premium Knowledge Exchange) Sessions, Skill Development, Technical, Soft Skills, and International Training, to enhance our employees’ capabilities and careers.

The result of this was an increase in employee satisfaction and engagement rate due to the diverse learning opportunities offered by the organization.

Capacity building in our employees is at the core of our people strategy to maintain the High-Performance culture of the Bank. We are a learning organization that prioritizes learning and development by equipping our employees with the required skills to compete in the current business landscape and position them to deliver value to customers and other stakeholders. In 2023, we focused our learning programmes on technical, regulatory, and soft skill trainings to ensure that employees operate ethically and professionally.

Aligned with the regulatory requirement, we trained all employees on Anti-Money Laundering, Combating the Financing of Terrorism and Combating Proliferation Financing. In addition, we organized training for employees in specialized functions such as Internal Audit, Information Technology, Treasury, Conduct and Compliance and Information Security to update their knowledge of current trends within their professions. As a duty of care, we trained all employees in Health, Safety & Environment training.

We deployed 36 learning programmes to over 300 employees through our seasoned internal and external faculties. In addition, we exposed staff to 22 sessions on our bi-monthly Premium Knowledge Exchange (PKE) featuring products, processes, and practices in various departments across the Bank. As a learning organization, 4 employees attended international conferences and trainings on payment solutions and Money Laundering.



OUR PEOPLE, CULTURE, & DIVERSITY

To meet the current and future talent requirements of the bank, we commenced the Graduate Trainee Programme which exposed our pioneer set of 19 successful young talents to world-class developmental courses in a three-month intensive and robust learning programme covering 30 courses. These young talents were deployed to various areas of our business for experiential learning.

The overall training hours achieved by employees amounted to 13,656.

Moving forward, we remain committed to investing in our people, fostering a culture of continuous development, and ensuring that our workforce is equipped to meet the challenges and opportunities ahead.

PERFORMANCE MANAGEMENT: SUCCESS AND INSIGHTS

During the year under review, our commitment to performance management has yielded significant achievements. We have successfully conducted both half-year and annual appraisals, providing our employees with clear, constructive feedback and setting the stage for continuous improvement. These appraisals have not only facilitated individual growth but have also contributed to the overall success of the organization by aligning personal goals with our strategic objectives.

Monthly Performance Checking

The monthly check-in initiative aims to provide more frequent and timely assessments of employee performance, allowing for real-time adjustments and support. By monitoring performance on a monthly basis, we aim to mitigate the impact of recency biases that can affect annual reviews. This approach ensures a more comprehensive and balanced evaluation, fostering an environment of continuous development and immediate recognition of achievements.

Driving Performance through Reward

Recognizing and rewarding performance is a cornerstone of our management philosophy. The introduction of performance-based pay and guaranteed performance pay to further motivate our employees and drive excellence. By directly linking compensation to individual performance metrics, we ensure that outstanding contributions are appropriately rewarded. This approach not only incentivizes high performance but also reinforces a culture of accountability and achievement.

Employees who exceed expectations can now see a direct correlation between their efforts and their financial rewards, fostering a highly motivated and productive workforce.

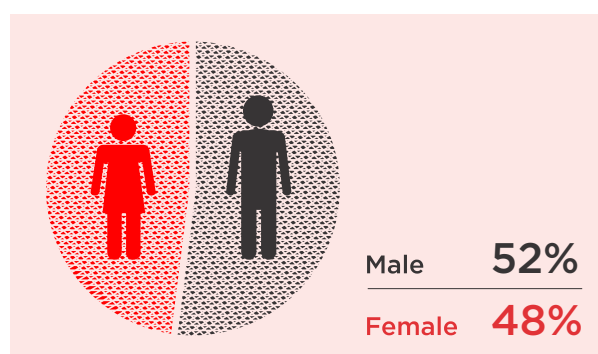
We have ensured that our performance management process is transparent, thorough, and aligned with organizational goals. This was achieved by implementing monthly check-ins between managers and employees to provide continuous feedback, bi-annual performance conversations, 360-degree feedback, a goal-setting process, and a strong emphasis on reward, which continues to drive our organization forward. We remain dedicated to fostering an environment where every employee can thrive and contribute to our collective success.

DIVERSITY AND INCLUSION

As a future-driven organization, we focus on workforce diversity, encompassing gender, generational, and ethical perspectives. Our quarterly “MD Speaks” event facilitates bottom-up engagement, fostering a trust system and a sense of equality. PremiumTrust Bank provides a platform for all talents to grow, focusing on competence, succession planning, and mentoring programs for women in emerging leadership roles.

Gender Diversity

The table below shows the breakdown of our gender distribution close of business on December 31, 2023.



PremiumTrust Bank offers a platform for all employees to grow within the organization, regardless of gender. We emphasize competence through various initiatives, including our categorization exercise, succession planning program, Talent Hub for career development, and a dedicated mentoring program for women in emerging leadership roles.

At PremiumTrust Bank, sustainability is an intrinsic cornerstone of our overarching business strategy and not just a mere component. We firmly acknowledge the paramount significance of harmonizing economic advancement with unwavering social responsibility and steadfast environmental stewardship.

As a newly established financial institution in Nigeria, we leverage on a distinctive competitive edge in assembling top-tier human resources and expertise within the industry. This positions us to build a sustainable brand and foster the adoption of sustainable practices from the ground up. This report serves as a testament to our steadfast dedication to sustainability, illuminating our notable accomplishments throughout the year 2023 while delineating our ambitious aspirations and strategic initiatives for the ensuing years, notably 2024 and beyond.



SUSTAINABILITY REPORT

MANAGING ENVIRONMENTAL AND SOCIAL (E&S) RISKS IN OUR CLIENTS'/CUSTOMERS' BUSINESSES

As a Financial Service Provider saddled with the primary responsibility of making credit available to our eligible customers, we recognize the potential environmental, social, and governance challenges inherent in our clients' projects and businesses. Therefore, our lending decisions are made with careful consideration of their potential impact. We have implemented robust systems and procedures to identify, assess, mitigate, monitor, and report these risks comprehensively. Our integrated E&S Risk Management System, deeply integrated into the bank's credit processes, enables us to assist clients in securing long-term sustainability of their businesses. In doing so, we fulfill our commitment to responsible banking practices. We strive to lead in offering sustainable financing solutions, ensuring that the Environmental, Social, and Governance (ESG) criteria are paramount in product development and client interactions.

As a lending institution, PremiumTrust Bank has established a comprehensive set of eligibility criteria for assessing potential borrowers, aligning with global best practices that emphasize responsibility towards upholding environmental and social standards. Consistent with the bank's Credit Policy Guideline, projects and lending exposures are categorized as follows:

High Impact: Projects with the potential for significant adverse social or environmental impacts, characterized by their diversity, irreversibility, or uniqueness.

Medium Impact: Projects with the potential for limited adverse social or environmental impacts, typically few, site-specific, reversible, and addressable through mitigation measures.

Low Impact: Projects with minimal to no social or environmental impacts.

Below, is the bank's Loan Report, in line with Equator Principles IV requirements for the period, January 1 to December 31, 2023.

SECTOR	E & S Risk Categories			
	Low	Medium	High	Total
Administrative and Support Service Activities	1	-	-	1
Agriculture	4	-	-	4
Construction	22	12	-	34
Education	1	1	-	2
Finance and Insurance	5	-	-	5
General	9	3	-	12
General Commerce	24	7	-	31
Government	6	-	-	6
Human Health and Social Work Activities	-	2	-	2
Information and Communication	1	1	-	2
Manufacturing	-	13	-	13
Oil and Gas	2	11	-	13
Power and Energy	-	1	-	1
Professional, Scientific and Technical Activities	2	4	-	6
Real Estate	4	7	-	11
Transportation and Storage	1	1	-	2
TOTAL	82	63	-	145

“

PremiumTrust Bank's commitment to ESG goals remains steadfast and unwavering, as we continue fostering comprehensive approaches to environmental stewardship, social responsibility, and governance practices through proactive initiatives and strategic actions. ”



PREMIUMTRUST BANK ESG STEWARDSHIP

PremiumTrust Bank anchors her sustainability actions on three anchors namely; Environmental Stewardship, Social Stewardship, and Governance Stewardship.

ENVIRONMENTAL STEWARDSHIP

Green Initiatives:

PremiumTrust Bank is committed to reducing its environmental footprint by implementing green initiatives across its operations. This includes energy-efficient practices in branches and offices, waste reduction strategies, and sustainable procurement policies.

Carbon Footprint Reduction:

The bank actively seeks ways to minimize its carbon footprint by promoting paperless transactions through automation, encouraging electronic communication, and investing in renewable energy sources where feasible.

Environmental Risk Management:

PremiumTrust Bank integrates environmental risk management into its lending practices and investment decisions, ensuring alignment with environmental regulations and sustainability principles.

Major actions taken to demonstrate ESG Stewardship through Environmental Initiatives were:

- Implementation of energy-efficient practices and sustainable procurement policies in all the new branches
- Reduction of paper usage through digital banking solutions and electronic communication.
- Investment in renewable energy sources and carbon offset programs.

PremiumTrust Bank give-back initiative to Motherless Babies Home Lagos Branch, Lekki Phase 1.



SOCIAL RESPONSIBILITY

Community Engagement:

PremiumTrust Bank is committed to fostering sustainable development and social responsibility across all aspects of its operations. As part of this commitment, the bank has sponsored several key events aimed at promoting community engagement, sports development, gender equality, and holistic societal well-being. In this report the bank's Corporate Social Responsibility (CSR) initiatives are highlighted.

Give Back Initiative:

PremiumTrust Bank's Give Back initiative, which includes visits to orphanages and correctional centres by members of staff across the entire network, demonstrates the bank's commitment to giving back to the community. These visits not only provide much needed support to the vulnerable segments of the community but also allows staff to engage with the community and contribute to positive social change.



SUSTAINABILITY REPORT



Sponsorship of the National Sports Festival (NSF) Asaba, Delta State:

The sponsorship of The National Sports Festival (NSF) in Asaba, Delta State, aligns with PremiumTrust Bank’s commitment to promoting sports development in Nigeria. By supporting this event, the bank not only encouraged athletic excellence but also contributed to the socio-economic development of the region. The sponsorship included financial support, infrastructural development, and promotional activities, all of which had a positive impact on the local community.

Support for Bayelsa FC Queens to the CAF Women’s Champions League in Morocco:

PremiumTrust Bank’s support for Bayelsa FC Queens to the CAF Women’s Champions League in Morocco underscored its commitment to women’s sports and empowerment. By sponsoring the team, the bank promoted gender equality in sports but also provided an opportunity for Nigerian women to showcase their talents on the international stage.

Partnership With the Athletics Federation of Nigeria (AFN)

PremiumTrust Bank’s partnership with AFN since 2022 underscores its commitment to supporting Nigerian athletics at all levels. The three-year sponsorship includes financial support, training programs and grassroots initiatives aimed at nurturing young talent talents and developing future track and field stars. Through this initiative, the Bank contributes to the overall growth and success of Nigerian Sports.

Employee Welfare

PremiumTrust Bank prioritizes the well-being and development of her employees. Through initiatives such as the graduate trainee programme, human capital development programs, and improved compensation packages, the bank fosters a supportive work environment and invest in the growth and advancement of its workforce.

Some of the major actions taken to demonstrate management’s commitment to employee welfare in the financial year 2023 include the following:

No.	Initiatives
1	An upward salary review for all employees twice in the year.
2	The introduction of Performance Pay in the Pay Structure to drive exceptional performance and reward excellence.
3	The introduction of a Guaranteed Performance Pay (GPP) structure.
4	Promotion exercise which extended to 25% of the staff.
5	The bank initiated a Graduate Trainee Programme and established a Training Facility to accommodate the inaugural cohort. These investments highlight the bank’s commitment to talent development, and cultivating a skilled workforce to meet the demands of its expanding operations.

In addition to these developmental efforts, PremiumTrust Bank offers a comprehensive range of compensation benefits accessible to all employees. These benefits encompass perks such as Status Car Provision, Professional and Club Memberships, Study Leave, Health Maintenance Organization (HMO) Coverage, Personal Loans, Maternity Leave, and Annual Medical Check-ups. Furthermore, the bank upholds stringent Whistle-blowing and Grievance Mechanism policies to promptly address and redress any concerns raised by employees.



SUSTAINABILITY REPORT

Customer Satisfaction

PremiumTrust Bank places strong emphasis on customer satisfaction and responsiveness. The bank seeks to achieve this by adopting a customer-centric product design framework. This ensures that products are not dumped on the customers, rather ensures that our front-line officers sit with the intended users to co-create financial products that addresses the needs of the customers.

Post product creation, customer engagement continues to understand the dynamic needs and behaviour of the customer and refine the product accordingly. By consistently providing support during challenging times and expanding its network to enhance accessibility, the bank demonstrates its commitment to meeting the needs of customers and the broader community. The positive reviews and feedback obtained from the various touch points of the bank give testament to her readiness to ease the financial stress of her customers.

Moreover, the bank prioritizes customer welfare by ensuring their rights are upheld in line with consumer protection legislation and contractual obligations. To this end, PremiumTrust Bank has implemented a robust Complaints Management Policy and conducts regular training sessions for staff to reinforce adherence to these policies. The Customer Contact Centre and other customer touchpoints are unwavering in their commitment to maintaining these lofty standards of service excellence.

In addition, PremiumTrust Bank ensures that customer considerations are meticulously integrated into lending decisions and contractual agreements, including service-level agreements with vendors.

Commitment to the International Bill on Human Rights

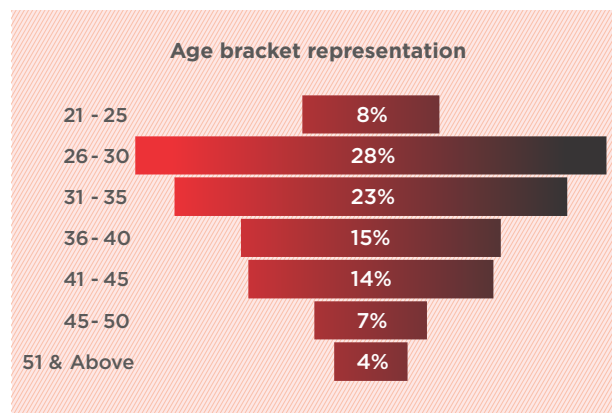
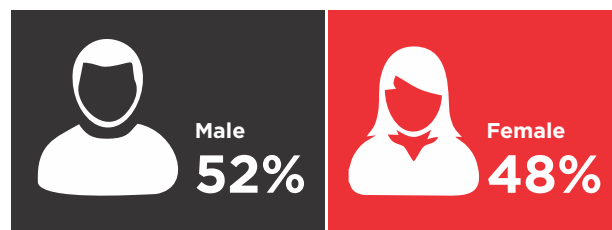
PremiumTrust Bank is dedicated to safeguarding Human Rights and aligning with the principles outlined in the International Bill of Human Rights, as well as the conventions established by the International Labour Organization.

Embedded within the Bank's People Policy is a steadfast commitment to upholding human rights standards. This policy encompasses a stringent non-discrimination stance, explicitly prohibiting the use of child labour, forced labour, and discrimination based on factors such as religion, gender, race, ethnicity, age, physical ability, or socioeconomic status. In all interactions with employees,

suppliers, and third-party contractors, the bank ensures equitable treatment devoid of any form of discrimination or infringement upon human rights.

Additionally, our Diversity Policy reflects a corporate ethos that does not only foster workplace diversity and inclusivity but also acknowledges the shared responsibility of all employees, irrespective of their hierarchical position, in championing this objective.

The representation of employees per employee category in each of the following diversity groups as of December 31st, 2023, are as summarized below:



PremiumTrust Bank is dedicated to fostering an inclusive and dynamic workplace environment aimed at promoting employability, skill enhancement, and equitable compensation. Our People Management Group operates a robust Learning and Development (L&D) Unit, orchestrating various capacity-building initiatives for employees. Collaborating with both internal and external stakeholders, including training institutions, the L&D Unit delivers firsthand training to bolster technical skills and deepen knowledge of sustainable banking practices.

SUSTAINABILITY REPORT

GOVERNANCE PRACTICES

Ethical Business Conduct

PremiumTrust Bank upholds the highest standards of ethical conduct in all its business dealings. This includes adhering to regulatory requirements, promoting transparency and accountability, and fostering a culture of integrity and trust within the organization.

PremiumTrust Bank upholds a strong commitment to ethical conduct and transparency, safeguarding its professional integrity through a robust framework of policies, systems, and cultural norms. Central to this ethos is the bank's Code of Business Conduct and Ethics Policy, which unequivocally condemns corruption, money laundering, bribery, abuse of office, and similar infractions.

The bank diligently communicates its Anti-Bribery and Corruption Policies and Procedures to all staff and management, requiring annual acknowledgment of understanding and compliance. Notably, from inception till the end of the financial year 2023, PremiumTrust Bank incurred no fines related to staff misconduct in bribery or corruption cases, nor did it violate any environmental laws or regulations, thereby avoiding monetary penalties. As a responsible financial institution, PremiumTrust Bank remains steadfast in adopting measures that foster sustainable and inclusive digital financial services (SIDFS).

Board Oversight

The bank's board of directors provides robust oversight of ESG-related matters, ensuring that sustainability considerations are integrated into strategic decision-making processes and risk management frameworks.

Stakeholder Engagement

PremiumTrust Bank actively engages with its stakeholders, including shareholders, customers, employees, and regulators, to understand their perspectives, address concerns, and incorporate feedback into its business practices and policies.

To gauge employee well-being and engagement levels, the People Management Group conducts daily Mood Surveys, designed to solicit feedback on staff morale and overall welfare. The insights gleaned from these surveys inform targeted interventions, including counselling and stress management support for employees as needed.

OUTLOOK FOR 2024

Innovation and Digitization: Our focus in 2024 will be on leveraging technology to enhance customer experience and drive growth. The introduction of BLAYZZ and Version 4 of the PremiumTrust Mobile App will revolutionize digital banking, while our revamped website will provide a seamless user experience.

Retail Banking: We aim to strengthen our retail banking offerings, prioritizing customer preferences and tailor-made products.

International Card Services: We will extend the usage of Visa Cards to all customers, facilitating easy and secure transactions globally. Additionally, we plan to introduce other card services such as Credit and Master Cards to broaden our product portfolio.

Branch Expansion: Aggressive branch expansion plans are underway, with the aim of enhancing market share and customer acquisition, the bank aims at closing 2024 with a network of 35 branches across the six geopolitical zones in Nigeria. A substantial budget has been allocated to support our growth objectives, reflecting our confidence in achieving our targets.

Reflecting on our journey outlined in this report, and the profound impact that our collective effort has on the world is a testament that our commitment extends beyond mere compliance, and our belief in the power of finance to drive meaningful and lasting positive change. Each of our endeavours underscores our dedication to responsible bank practices.

Looking ahead, PremiumTrust Bank's commitment to ESG goals remains steadfast and unwavering, as we continue to foster comprehensive approaches to environmental stewardship, social responsibility, and governance practices through proactive initiatives and strategic actions. Together with our stakeholders the bank remains ever dedicated to sustainability principles and its role as a responsible corporate citizen. We are also optimistic that we will proactively navigate the evolving landscape of sustainability as we continue to shape a more sustainable future for all and continue to identify new opportunities in the landscape.

GOVERNANCE

PremiumTrust Bank's Directors,
their functions and Corporate
Governance

3





BOARD OF DIRECTORS

From L-R (Standing): Sir Emmanuel Onyekwena, Mr. Olugbenga Omojola, Mr. Temitope Mark, Mr. Victor Olowogoroye, Mr. Charles Obukofe, Dr. Godwin Abhulimen, Mr Anthony Adejugbe, Mr. Shina Atilola, Mr. Neville Atigan, Mr. Uchenna Igwebuike,

Second Row: (L-R) Mrs. Olubukunola Awosanya, Mr. Emmanuel Efe Emefienim, CON, Dr. Perez Araka FNSE, Ms Justina Lewa





BOARD OF DIRECTORS



DR. PEREZ ARAKA, FNSE

Chairman

Dr. Perez Peremelade Araka brings over two decades of postgraduate experience in the oil & gas and emerging sectors to the board of PremiumTrust Bank Limited. Currently serving as the Chairman/CEO of Gaplincs Energy Limited, and Greener Project, Dr. Araka holds a Bachelor of Technology (B.Tech.) in Agricultural Engineering, an MSc, and a PhD in Environmental Engineering from Rivers State University, Port Harcourt. As an accomplished Engineer, Dr. Araka is affiliated with prestigious organizations such as The Council for the Regulation of Engineering in Nigeria (COREN), The Nigerian Institution of Agricultural Engineers (NIAE), The Nigerian Institution of Environmental Engineers (NIEE), and the American Society of Agricultural and Biological Engineers (ASABE). He is also a Fellow of The Nigerian Society of Engineers (FNSE) and The African Business School (FABS). Dr. Perez Araka's seasoned expertise is a valuable asset to PremiumTrust Bank, where he serves as the Chairman.

Dr. Perez Araka sits on the board of PremiumTrust Bank as Chairman.



EMMANUEL EFE EMEFIENIM, CON, FCIB

Managing Director/CEO

Emmanuel Efe Emefienim, is an accomplished Banker with over 30 years experience spanning Middle and Senior Management levels within Operations, Treasury, and Sales functions since 1992. He is an alumnus of the prestigious Harvard Business School where he graduated from the GMP and AMP programmes; the Wharton School, Pennsylvania (AMP 73) and INSEAD.

Prior to founding PremiumTrust Bank, he contributed immensely to the growth and success of Sterling Bank Plc rising from the position of General Manager in 2016 where he was responsible for the bank's Commercial & Institutional Banking business in South-South, South-East, and Midwest Regions. Emmanuel is credited as the only Regional Business Head in the history of Sterling Bank to have run the most profitable regional business for seven consecutive years (2011-2017). In 2018, Emmanuel was appointed to the Board of Sterling Bank Plc as Executive Director with responsibilities to oversee the Institutional Banking Directorate. Until his resignation in March 2022, his directorate was the most profitable year-on-year for three consecutive years.

Emmanuel currently sits on the Board of one of Nigeria's National Commercial Banks, PremiumTrust Bank as Founder & Managing Director/CEO. He was recognized as an exceptional CEO in The Guardian's 2022 Annual CEO Series "Fifty (50) Value-Driven CEOs of Excellence That Powered Nigeria's Economic Growth In 2022".



BOARD OF DIRECTORS

In 2023, Emmanuel was invested as a distinguished Fellow of the Chartered Institute of Bankers of Nigeria (FCIB). Also, in recognition of his exceptional service to the benefit of our Country, Emmanuel was conferred as Commander of the Order of the Niger (CON) by the President of the Federal Republic of Nigeria. These awards and conferment are a testament to Emmanuel's tenacious drive for excellence; PremiumTrust Bank under his watch, has been able to complement brick-and-mortar with digital innovations and offerings channelled at providing financial services to all its discerning customers.

A contemporary MD/CEO, Emmanuel envisions PremiumTrust Bank as one of Nigeria's leading Digital Banks in the next few years. Whilst acknowledging the value of a good branch network, he is extremely keen on aggressive deployments of digital solutions. As an individual, Emmanuel is passionate about supporting Economic Growth of our Nation, rigorous youth empowerment schemes, and capacity building initiatives.



NEVILLE ATIGAN

Non-Executive Director

Neville Atigan serves as the Group Chief Operating Officer of SkyView Capital Limited and brings a wealth of experience to the Board of PremiumTrust Bank as a Non-Executive Director. Prior to joining SkyView Capital in 2008, Atigan had a commendable 7-year tenure in the oil & gas sector (2000-2007), supervising projects at the Shell Petroleum Development Company (SPDC) Forcados Yokri Integrated project.

Atigan holds a bachelor's degree in Political Science from Edo State University, Ekpoma, and a master's degree in public administration from the University of Benin. His professional affiliations include memberships with the Society for Human Resources Management (SHRM), the Chartered Institute of Personnel Management (CIPM), and the Chartered Institute of Human Resources and Strategic Management, among others.

Neville Atigan's role as a Non-Executive Director underscores his commitment to contributing strategic insights and operational excellence to PremiumTrust Bank. Neville Atigan sits on the board of PremiumTrust Bank as a Non-Executive Director.

BOARD OF DIRECTORS



SIR EMMANUEL ONYEKWENA

Non-Executive Director

Sir Emmanuel Onyekwena, a seasoned technocrat with extensive management experience, holds a master's in Business Administration and an academic background in Engineering Production. With a career spanning over 25 years, he has made significant contributions to renowned organizations such as Shell Petroleum Development Company (SPDC), TOTAL E & P, NAOC, and other major players in the Oil & Gas industry. He is currently the Chairman/CEO of Tolmann Group, one of Africa's top safety and rescue training organizations for the Aviation, Maritime, and Oil & Gas sectors.

Among numerous accolades, Sir Onyekwena received the European award for best practices by the European Society for Quality Research (ESQR) and the PETAN award for excellence in service delivery to the oil & gas industry. His competencies span innovation, organizational development, conflict management, leadership, and client relationship management. He is affiliated with several professional bodies, including the Nigerian Institute of Safety Professionals, International Institute of Safety Management, British Safety Council, and the Nigerian-Canadian Business Association.

Sir Emmanuel Onyekwena's role as a Non-Executive Director on the Board of PremiumTrust Bank highlights his wealth of experience and strategic insights. Sir Emmanuel Onyekwena sits on the board of PremiumTrust Bank as a Non-Executive Director.



OLUGBENGA IMISI OMOJOLA

Non-Executive Director

Olugbenga Imisi Omojola is a distinguished Management Consultant, Corporate Strategist, and Executive Coach renowned for his comprehensive understanding of Organizational Strategy, HR Management, and global best practices in Organizational Development. He holds the esteemed position of a Fellow at the Institute of Management Consultants, Nigeria, and the Institute of Strategic Management, Nigeria. Additionally, Imisi is a Member of the Institute of Personnel Management Nigeria (CIPM) and the Nigerian Institute of Training and Development. His professional journey is further enriched as an Alumnus of the London Graduate School. With academic qualifications including a First Degree in Industrial and Labour Relations, an MBA in Human Resources Management, and an MSc in Organizational Behaviour, Imisi contributes his wealth of knowledge and expertise as a Non-Executive Director on the Board of PremiumTrust Bank. Omojola Olugbenga sits on the Board of PremiumTrust Bank as a Non-Executive Director.



BOARD OF DIRECTORS



DR. GODWIN ABHULIMEN

Non-Executive Director

Dr. Godwin Abhulimen, with well over 30 years of experience in the oil and gas sector, currently serves as the Managing Director/Chief Executive Officer of Desag Engineering and Services Limited. Holding academic qualifications including a B.Sc Degree from the University of Calabar, an Executive Masters Degree from the Project Management Institute, UK, a Masters Degree in Business Administration (MBA), and a Professional Doctorate Degree in Commerce - Information and Strategy Management from the Liberal Bilingual University Togo, Dr. Abhulimen is a distinguished Fellow of various professional bodies.

His extensive career includes top executive management positions at Lee Engineering and Construction Company Limited, where he contributed significantly to the company's growth and development. Dr. Godwin Abhulimen's role as a Non-Executive Director on the Board of PremiumTrust Bank reflects his commitment to leveraging his vast industry experience to contribute to the bank's strategic direction.

Dr. Godwin Abhulimen sits on the Board of PremiumTrust Bank as a Non-Executive Director.



CHARLES OMOEFE OBUKOFE, FCA, ACTI

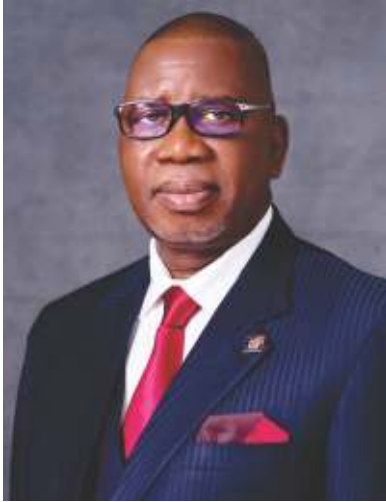
Non-Executive Director

Charles Omoefe Obukofe, a banking industry veteran with nearly thirty years of experience, serves as a Non-Executive Director on the Board of PremiumTrust Bank. His illustrious career includes senior management positions in Equatorial Trust Bank Limited and Sterling Bank PLC, where he retired as an Assistant General Manager in March 2022.

Mr. Obukofe holds a B.Sc. in Finance from the University of Nigeria and an MBA from Ondo State University. As a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate of the Chartered Institute of Taxation of Nigeria (CITN), he brings a wealth of financial expertise to the Board.

Charles Obukofe's extensive banking experience, combined with his continuous education at prestigious institutions such as Harvard Business School, positions him as a valuable contributor to PremiumTrust Bank's strategic direction. Charles Obukofe sits on the Board of PremiumTrust Bank as a Non-Executive Director.

BOARD OF DIRECTORS



ANTHONY OLUSOLA ADEJUGBE

Non-Executive Director

Anthony Olusola Adejugbe, an accomplished professional in the Oil & Gas industry, holds the position of Chairman and Chief Executive Officer of Allshore Corporate Ventures Limited. His leadership showcases strong business acumen and a deep understanding of various aspects of the petroleum downstream sector.

A distinguished alumnus of the Federal Polytechnic, Ado Ekiti, Adejugbe earned an Industrial/Analytical Chemistry degree in 1983. He furthered his academic pursuits with an MBA in International Business from Lincoln University in California, USA. His educational background in chemistry and business administration provides a solid foundation for his work in the oil and gas industry.

With over 35 years of experience, Adejugbe has played pivotal roles in refining, supply and distribution, international oil trading, oil importation, storage tank construction and inspection, accreditation of independent marketers for licensing, and various logistics operations and services within the Oil & Gas sector.

Anthony Olusola Adejugbe's multifaceted experience and substantial controlling shares in various oil servicing and marketing companies make him a key figure in the Nigerian Oil & Gas landscape. As a Non-Executive Director on the Board of PremiumTrust Bank, he contributes to the bank's strategic growth and development. Anthony Adejugbe sits on the board of PremiumTrust Bank as a Non-Executive Director.



DR. VICTOR OLUMIDE OLOWOGORIOYE, FCA, ACTI

Non-Executive Director

Dr. Victor Olumide Olowogoroye is a seasoned Chartered Accountant, accomplished Banker, and Finance and Management Expert with extensive experience in Audit and Taxation, Banking, Business Development, Credit, and Marketing. Having spent over two decades in the Financial Sector, he progressed to senior management positions before diversifying into management and financial consulting, as well as private business.

Dr. Olowogoroye is a proud member of several professional bodies, including the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Bankers of Nigeria (CIBN), Chartered Institute of Taxation of Nigeria (CITN), Institute of Management Consultants (IMC), and Harvard Business School Association of Nigeria (HBSAN). Throughout his illustrious career, Victor has participated in numerous professional courses both in Nigeria and abroad, including the prestigious Harvard Business School's GMP and London Graduate School's Master Class Program.



BOARD OF DIRECTORS

As a Non-Executive Director on the Board of PremiumTrust Bank, Dr. Victor Olumide Olowogorioye brings a wealth of financial and management expertise, contributing to the bank's strategic growth and development. Dr. Olowogorioye sits on the board of PremiumTrust Bank as a Non-Executive Director.



TEMITOPE MARK, FCA

Non-Executive Director

Temitope Mark, brings a wealth of experience and expertise to the financial and consultancy sector. Tope is a distinguished graduate of Accounting from the University of Lagos (1991). He furthered his academic pursuits, earning a Master's degree in Business Administration (MBA) from Delta State University and an MSc in Accounting from Novena University, Delta State.

Tope is a member of several esteemed professional bodies, showcasing his commitment to excellence. As a Fellow of the Institute of Chartered Accountants of Nigeria since 1997, he holds a distinguished position in the field. Additionally, Tope is a Fellow of the Institute of Management Consultants of Nigeria and the UK, further highlighting his commitment to maintaining the highest professional standards. He is also an Associate Member of the Chartered Institute of Taxation of Nigeria.

With an impressive banking career spanning over 23 years (1991-2014), Tope has accumulated significant experience across various facets of the profession. His journey began with the mandatory National Youth Service program at the Central Bank of Nigeria, Sokoto Branch, in 1991. Tope then served in different capacities at All States Trust Bank Plc (1992-1998) and Standard Trust Bank Plc (1998-2001), where he notably functioned as the Group Head of Customer Services, overseeing the entire South-South geopolitical zone.

Tope's seven-year tenure at Devcom Bank Ltd/Equatorial Trust Bank Ltd (2001-2007) saw him reach Senior Management levels, with responsibilities for business development across the South-South Zone. Joining United Bank for Africa Plc in 2007, he ascended to an Executive Management role, ultimately becoming the Regional Bank Head for Edo and Delta States. His supervisory role covered numerous branches until 2014 when he resigned at the grade level of Assistant General Manager.

Currently serving as the CEO of Graham Bridge Financial and Consultancy Services Ltd, an Accounting/Financial Consultancy (Asset Management) Company headquartered in Lagos State with operational bases in Delta State, Tope's role as a Non-Executive Director on the Board of PremiumTrust Bank highlights his extensive experience in key divisions of banking, including Operations, Auditing, Marketing, Relationship Management, and Financial Controls. Temitope Mark sits on the board of PremiumTrust Bank as a Non-Executive Director.

BOARD OF DIRECTORS



UCHENNA MADUKA IGWEBUIKE

Independent Director

Uchenna Maduka Igwebuike, a Financial Engineer and Founder of Zanibal LLC, brings over 25 years of experience in designing and delivering strategic enterprise transformation programs in the private and public sectors. As the VP of Professional Services at MarkLogic Corporation and a Solution Architect at i2 Technologies, Igwebuike has consistently demonstrated expertise in Financial Market Software and Services.

Holding a Master's degree in Electrical Engineering from the University of Illinois, Chicago, and a Master of Science in Management Science from Stanford University, Igwebuike serves as an Independent Director on the Board of PremiumTrust Bank. His role underscores his commitment to contributing insights from diverse sectors and ensuring best practices in financial services.

Uchenna Igwebuike sits on the Board as an Independent Non-Executive Director.



JUSTINA AKPOABUGO LEWA ESQ

Independent Non-Executive Director

Barr. Justina Akpoabugo Lewa Esq is a Partner at the esteemed law firm of Chaptre LLP and serves as the Co-Chief Executive Officer of Legal at ELAMO LP. With a distinguished career, she holds the position of Independent Non-Executive Director at BOI Microfinance Bank Limited. Lewa is a seasoned Corporate Governance Practitioner, Certified Board Evaluator, Certified Business Integrity Trainer and Consultant, Mediator, and Arbitrator.

Barr. Justina is a legal luminary with academic qualifications, including a Bachelor of Laws Degree from the University of Jos and a Master of Laws Degree from the University of Lagos. She was called to the Nigerian Bar in November 1988.

Commencing her career with the Ministry of Justice, Jos, Plateau State, in August 1989 as a State Counsel, Lewa's journey continued with NAL Bank Plc in September 1990, where she climbed the ranks to become Senior Manager, Legal and Company Secretariat & Head of the Debt Recovery Team in 2005. Upon the consolidation exercise of the banking industry in January 2006, Justina's employment was transferred to Sterling Bank Plc. In June 2009, the Board of Directors appointed her as Company Secretary & Chief Legal Counsel and Group Head, Credit Collections & Recovery.

Barr. Justina also served as Company Secretary and Legal Adviser of Sterling Bank's subsidiary Companies: Sterling Asset Management Company Limited (SAMTL) and the Nigerian Stockbrokers Limited (NSL) from 2009 to 2011.



BOARD OF DIRECTORS

Her responsibilities required legal professionalism and business mastery, navigating the complexities and challenges surrounding banking business. She played a key role in drafting, reviewing, and advising on complex transactions and agreements, including project and asset-based financing, public & private debt-equity issues, loan syndications, Power, Oil & Gas, Mergers & Acquisitions. She brings a wealth of experience to the board, having served as the immediate past Company Secretary and Chief Legal Counsel of Sterling Bank Plc.

An award-winning legal professional, Justina Akpoabugo Lewa Esq is a member of several professional bodies, including the Nigerian Bar Association, Chartered Institute of Bankers of Nigeria (HCIB), Institute of Chartered Secretaries and Administrators of Nigeria (ACIS), Chartered Institute of Arbitrators (MCI Arb UK), Business Recovery and Insolvency and Practitioners Association of Nigeria (BRIPAN), Institute of Directors of Nigeria (M.IoD), and Nigeria's Delegate to the International Court of Arbitration and ADR.

Barr. Justina Lewa sits on the Board of PremiumTrust Bank as an Independent Non-Executive Director.



OLUBUKUNOLA AWOSANYA, HCIB **Executive Director**

Olubukunola Awosanya, an experienced banking professional with over three decades of experience, serves as the Executive Director of Specialized Businesses at PremiumTrust Bank Limited. Holding a B.Sc. (Honours) degree in Agriculture (Animal Science) from the University of Ibadan and an MBA from the Business School Netherlands, Awosanya has held various leadership positions in her banking career.

Her career highlights include pioneering roles in diverse departments such as Branch Operations, Domestic Operations, Treasury Operations, Credit Administration, Export Finance, Enterprise Risk Management, and more. Before joining PremiumTrust Bank, she was a General Manager and the Divisional Head, Agriculture and Solid Mineral Finance at Sterling Bank Plc.

Awosanya is a member of prestigious institutions such as the Institute of Directors of Nigeria (IoD), the Institute of Animal Science of Nigeria (NIAS), and a Fellow of the Institute of Credit Administration (FICA). She brings a wealth of experience to the board, ensuring excellence in specialized banking. Bukola Awosanya sits on the Board of PremiumTrust Bank as Executive Director- Specialized Banking.

BOARD OF DIRECTORS



SHINA ATILOLA, HCIB

Executive Director

Shina Atilola, an accomplished strategist and business development expert with over 25 years in the banking industry, serves as the Executive Director of Digital and Transaction Banking at PremiumTrust Bank Limited. His diverse experience includes roles in business strategy, marketing communication, branding, auditing, and mergers & acquisitions for leading financial institutions.

Atilola holds a First-Class degree in International Relations and MBA both from Obafemi Awolowo University Ife. Throughout his banking career, he played pivotal roles in the initiation and execution of strategic pillars, leading to the launch of innovative digital platforms and the successful incubation of various banking initiatives. An associate member of both the UK and Nigerian Institute of Public Relations, an Honorary member of CIBN, and a member of Lagos Business School Alumni Governing Council, Atilola's leadership at PremiumTrust Bank focuses on driving digital innovation and transaction banking.

Shina Atilola contributes to the board, bringing an entrepreneurial spirit, strategic insight, and a proven record of accomplishment in navigating dynamic business environments. Shina Atilola sits on the Board of PremiumTrust Bank as Executive Director, Digital and Transaction Banking.



CHUKWUEMEKA NWAOGU

Company Secretary

Chukwuemeka Nwaogu, the Chief Legal Officer and Company Secretary of PremiumTrust Bank, is responsible for leading the bank's global legal and company secretarial functions. With nearly two decades of multi-disciplinary experience in legal advisory, corporate governance, company secretarial, compliance, and risk management, Emeka has navigated the legal waters of the Financial Industry from Insurance through Fintech and now Banking.

Emeka commenced his legal career as an in-house Solicitor with International Energy Insurance Plc (IEI) Plc, a leading energy insurance publicly listed company. Rising to the position of Head of Legal, he was strategically redeployed to pioneer and head the compliance unit. Subsequently, Emeka established the first specialized insurance law firm in Nigeria, offering core litigation and advisory functions, along with corporate secretarial services to various financial institutions.

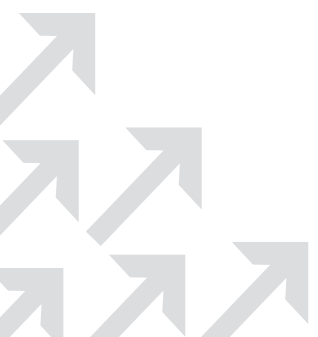
In 2019, Emeka joined Paycom Nigeria Limited ("OPay") as their pioneer Chief Legal Counsel & Chief Risk Officer. He successfully oversaw an investment portfolio of over \$150 million and managed the legal portfolio of OPay's strategic affiliates such as ORide, OWealth, and other strategic investments and acquisitions.



BOARD OF DIRECTORS

Emeka, an Associate Member of the Chartered Insurance Institute of Nigeria, the Nigerian Bar Association, and the International Bar Association, holds a Bachelor of Law from the University of Nigeria and a Master's in International & Commercial Business Law from the University of East Anglia, Norwich, Norfolk, United Kingdom.

His rare ability to minimize legal risks and contractual liability associated with business operations reflects his expertise in Commercial and Business transactions. Emeka's role as Company Secretary underscores his strategic and solution-oriented legal expertise, contributing to PremiumTrust Bank's continued success.



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in presenting to the members of PremiumTrust Bank Ltd ("the Bank") their report together with the audited financial statements for the 18 months period ended 31 December 2023.

Corporate Structure and Business

Legal form, principal activity and business review

Premium Trust Bank Limited was incorporated under the Companies and Allied Matters Act 2020 on 6th October 2021. It obtained a letter of approval for license from Central Bank of Nigeria (CBN) to operate as a Commercial Bank on 14th December, 2021 and commenced business effective 1st July 2022.

Premium Trust Bank Limited is engaged in commercial banking with emphasis on personal banking, trade services, corporate, investment and specialized banking activities. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, money market operations, electronic and mobile banking products and other banking activities.

As at 31 December 2023, the Bank had a total of 11 branches in operation nationwide.

Operating Results

Highlights of the Bank's operating results for the period ended 31 December 2023 are as follows:

<i>In thousands of Naira</i>	18 months ended 31 Dec 2023
Gross earnings	47,810,206
Profit before income tax	14,148,678
Income tax expense	(4,814,627)
Profit after income tax	9,334,051
Earnings per share (kobo) - Basic	35.9k
Earnings per share (kobo) - Diluted	35.9k

Ownership of the Bank

As at 31 December 2023, the shareholding structure of the Bank consisted of 11 investors with the details and holdings shown below:

Names	Current Holding 2023	% Holding 2023
1 Mavtop Oil and Gas Limited	10,989,333,333	42.27
2 SVC Mutual Limited	5,082,566,667	19.55
3 Skyview Capital Limited	3,571,533,333	13.74
4 Spices Kitchen Cuisine and Confectionery Limited	1,373,666,667	5.28
5 Emefienim Emmanuel Efe	1,274,000,000	4.90
6 Beecom Ama Associates Limited	961,566,667	3.70
7 MF Ventures Services Limited	892,883,333	3.43
8 Onyekwena Emmanuel	686,833,333	2.64
9 Perez Peremolade Araka	618,150,000	2.38
10 Abhulimen Godwin	343,416,667	1.32
11 Adejugbe Anthony Olusola	206,050,000	0.79
Total	26,000,000,000	100



DIRECTORS' REPORT

CONTINUED

The following shareholders have shareholding of 5% and above as at 31 December 2023:

	31-Dec-23 Unit holding	31-Dec-23 % holding
Mavtop Oil and Gas Limited	10,989,333,333	42.27
SVC Mutual Limited	5,082,566,667	19.55
Skyview Capital Limited	3,571,533,333	13.74
Spices Kitchen Cuisine and Confectionery Limited	1,373,666,667	5.28

Directors

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

Name	Designation	Date appointed	Interest represented
Perez Araka	Chairman	April 1, 2022	
Emmanuel Efe Emefienim (CON)	Managing Director	April 1, 2022	
Emmanuel Onyekwena	Non-Executive Director	April 1, 2022	
Godwin Abhulimen	Non-Executive Director	April 1, 2022	Beecon Ama Associates Limited
Neville Atigan	Non-Executive Director	April 1, 2022	Skyview Capital Limited; SVC Mutual Limited
Charles Obukofe	Non-Executive Director	April 1, 2022	MF Ventures Services Limited
Olugbenga Imisi Omojola	Non-Executive Director	April 1, 2022	Spices Kitchen Cuisine & Confectionery Limited
Anthony Olusola Adejugbe	Non-Executive Director	April 1, 2022	
Uchenna Igwebuiké	Independent Non-Executive Director	April 1, 2022	
Justina Lewa	Independent Non-Executive Director	April 1, 2022	
Shina Atilola	Executive Director	April 1, 2022	
Olubukunola Awosanya	Executive Director	April 1, 2022	
Dr. Victor Olowogoroye	Non-Executive Director	August 18, 2023	Mavtop Oil & Gas Limited
Temitope Mark	Non-Executive Director	August 18, 2023	

Director's interests in shares

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

Names	31-Dec-23 Direct	31-Dec-23 Indirect
1 Perez Peremolade Araka	618,150,000	
2 Emefienim Emmanuel Efe	1,274,000,000	
3 Godwin Abhulimen	343,416,667	6,493,697
4 Emmanuel Onyekwena	686,833,333	
5 Neville Atigan		508,256,667
6 Temitope Mark		10,989,333

DIRECTORS' REPORT

CONTINUED

Director's interests in contracts

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

Director's Remuneration

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

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

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

Donations and Charitable Gifts

The Bank donated a total sum of N303,595,378 during the period ended 31 December 2023 to various charitable organizations in Nigeria, details of which are shown below. No donation was made to any political organization.

Details of Donation	Purpose	Amount (N)
National Sports Festival (2022)	Sponsorship	100,000,000
Athletics Federation of Nigeria Support	Corporate Social Responsibility	100,000,000
Flood Victims Support for States	Corporate Social Responsibility	70,040,500
Bankers COM 2023 Financial Literacy and Public Enlightenment Campaigns	Sponsorship	18,554,878
Widows, aged and Orphans Hope (WAOH) Project	Corporate Social Responsibility	10,000,000
World Environmental Day Celebrations	Sponsorship	5,000,000
		303,595,378



DIRECTORS' REPORT

CONTINUED

Gender Analysis of Staff

Analysis of staff employed by the Bank during the period ended 31 December 2023

DESCRIPTION	NUMBER	% TO TOTAL STAFF
Female new hire	162	47.5%
Male new hire	179	52.5%
Total new hire	341	100.0%

Analysis of top management positions by gender as at 31 December 2023:

GRADE	FEMALE	MALE	TOTAL
Senior Management (AGM –GM)	5	10	15
Middle Management (DM – SM)	22	55	77
TOTAL	27	65	92

Analysis of Executive and Non-Executive positions by gender as at 31 December 2023:

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	1	2
Managing Director	-	1	1
Non-Executive Director	1	10	11
TOTAL	2	12	14

Total remuneration of Senior Management (Assistant General Managers, Deputy General Managers, General Managers and Executive Directors) in 2023 amounted to **N1.02billion**.

Report to the CBN on Fraud and Forgeries

In line with Section 5.1.2 (L) of the CBN Code of Corporate Governance, the breakdown of fraud and forgeries for the period is presented below:

	2023
Number of fraud incidents	NIL
Amount involved (N'000)	NIL
Amount involved (\$'000)	NIL
Actual/Expected Loss (N'000)	NIL
Actual/Expected Loss (\$'000)	NIL

Card Usage data

In line with the Central Bank of Nigeria guidelines for card issuance and usage in Nigeria, Section 11.0, the report on card issuance and usage for the period ended 31 December 2023 is set out below:

Product	31 December 2023	
	Volume	Value N'000
Visa	165	36,634,150
Mastercard	N/A	N/A
Verve	2,276,807	24,180,835,806

DIRECTORS' REPORT

CONTINUED

Property and equipment

Information relating to changes in property and equipment is given in Note 25.1 to the financial statements.

Employment and employees

Employment of disabled persons:

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

Health, safety and welfare of employees:

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

Employee training and development

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

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

Events after the reporting date

Note 33 to financial statements discloses no events after the reporting date, that could have a material effect on the financial position of the Bank as at 31 December 2023 or their profit for the period then ended.

Dividend

The Directors recommended the payment of dividend of 15 kobo per ordinary share during the period ended 31 December 2023.

Waiver by Financial Reporting Council of Nigeria

Mr Ayodele Shoyemi, the Chief Financial Officer has been granted waiver by Financial Reporting Council of Nigeria (FRCN) to sign the 2023 annual report and financial statements.

Auditors

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

BY ORDER OF THE BOARD:



Chukwuemeka Nwaogu

Company Secretary

FRC/2022/PRO/CIIN/002/764830

1612 Adeola Hopewell, Victoria Island Lagos, Nigeria

27 March, 2024



CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Bank complies with the relevant provisions of the Financial Reporting Council of Nigeria (FRCN) and the Central Bank of Nigeria (CBN) Codes of Corporate Governance.

Board of Directors

The Board of Premium Trust Bank is composed of fourteen (14) Directors as at December 31, 2023, Eleven (11) of whom were Non-Executive Directors (NED) including the chairman, and the other three (3) were Executive Directors including the Managing Director/Chief Executive Officer. The Board has the overall responsibility for setting the strategic direction of the Bank and for oversight of Senior Management. It also ensures that good Corporate Governance processes and best practices are implemented across the Bank at all times.

The Board of the Bank consists of persons of diverse disciplines and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business. Directors are fully aware of their responsibilities and are knowledgeable in the business. They are therefore able to exercise good judgment on issues relating to the Bank's business. Directors have on the basis of this acted in good faith with due diligence and skill and in the overall best interest of the Bank and relevant stakeholders during the year under review.

Attendance at Board meetings for the period ended 31 December 2023 are as follows:

	Director		Attendance	No. of Meetings
1	Dr. Perez Araka, FNSE	Chairman	7	7
2	Mr. Emmanuel Efe Emefienim, CON	Managing Director / CEO	7	7
3	Mrs. Olubukola Awosanya	Executive Director	6	7
4	Mr. Shina Atilola	Executive Director	7	7
5	Mr. Olugbenga Omojola	Non-Executive Director	7	7
6	Mr. Neville Atigan	Non-Executive Director	7	7
7	Sir Emmanuel Onyekwena	Non-Executive Director	7	7
8	Mr. Charles Obukofe	Non-Executive Director	7	7
9	Mr. Anthony Adejugbe	Non-Executive Director	6	7
10	Dr. Godwin Abhulimen	Non-Executive Director	7	7
11	Mr. Uchenna Igwebuike	Independent Non-Executive Director	7	7
12	Ms. Justina Lewa	Independent Non-Executive Director	7	7
13	Mr. Temitope Mark*	Non-Executive Director	2	7
14	Dr. Victor Olowogoroye*	Non-Executive Director	2	7

* Messrs Victor and Temitope joined the Board on August 18, 2023.

CORPORATE GOVERNANCE REPORT CONTINUED

Board Committees

The Board carries out its oversight functions using its various Board Committees. This makes for efficiency and allows for a deeper attention to specific matters for the Board. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-executive directors in particular. The Board has established the various Committees with well-defined terms of reference and Charters defining their scope of responsibilities in such a way as to avoid overlap or duplication of functions. The Committees of the Board meet quarterly but may hold extraordinary sessions as the business of the Bank demands.

The following are the current standing Committees of the Board:

Board Credit Committee

The Committee acts on behalf of the Board of Directors on credit matters, and reports to the Board for approval/ratification.

Terms of reference

- Review and recommend the credit policy manual to the Board.
- Consider and recommend for approval by the Board detailed analysis for credit including contingent liabilities of amounts in excess of the limit of the Credit Committee.
- Review and set credit policy direction where necessary subject to the approval of the Board.
- Recommend to the Board write-offs presented by Management.
- Be actively involved in credit risk control processes.
- Use reports on the Bank's credit risk profile and capital needs to evaluate the level and trend of material credit risks and their effects on capital level.

Board Credit Committee

- Review, consider and determine significant related party transactions for approval by the Board.
- Other ancillary duties as may be assigned by the Board from time to time.

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

Members		Attendance	No. of Meetings
Charles Obukofe	Chairperson	7	7
Neville Atigan	Member	7	7
Godwin Abhulimen	Member	7	7
Shina Atilola	Member	7	7
Emmanuel Efe Emefienim, CON	Member	7	7

Board Finance and General Purpose Committee

The Committee acts on behalf of the Board of Directors on all matters relating to financial management, and reports to the Board for approval/ratification.

Terms of reference

- Review the Bank's budgets.
- Consider major capital projects being proposed by Management.
- Consider/review extraordinary business initiatives of Management on behalf of the Board.
- Review and recommend to the Board extra-budgetary spending of the Bank above specified limits.
- Approve Investment of the Bank within the Committee's specified limits and recommend for approval of the Board when above specified limits.
- Recommend for approval by the Board disposal of assets of the Bank above specified limits.
- Recommend for approval by the Board the opening and closure of branches.
- Ensure proper management of long and short term cash flow, as well as working capital/liquidity.
- Ensure adequate structures are in place for the review of funding strategies

Board Finance and General Purpose Committee

- Review annually the planned expenditures and major expense lines periodically and approve expenditure within the limit of the Committee as documented.
- Review contract awards of significant expenditure; and



CORPORATE GOVERNANCE REPORT CONTINUED

- Review significant transactions that are not part of the Bank's normal business.
- Review and monitor related party transactions and assess their propriety.
- Ensure a transparent and competitive tendering process on major contracts to guarantee the best value for the Bank.
- Review and recommend to the Board for approval the procurement strategy and policy for the Bank.
- Ensure that all major contracts are carried out according to the terms and conditions of the contract agreement. Evaluate the processes in place for the development and execution of strategic initiatives. Other ancillary duties as may be assigned by the Board from time to time.

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

Members		Attendance	No. of Meetings
Godwin Abhulimen	Chairperson	6	6
Emmanuel Onyekwena	Member	6	6
Neville Atigan	Member	6	6
Emmanuel Efe Emeffienim, CON	Member	6	6

Board Risk Management Committee

The Committee is responsible for evaluating and handling issues relating to risk management in the Bank.

Terms of reference

- Set goals and objectives for the achievement of the Bank's Enterprise Risk Management framework subject to the approval of the Board of Directors.
- Provide support to the Board of Directors to guide the definition of the Bank's risk appetite and ensure that all exposures are within the approved risk appetite.
- Ensure the Bank has appropriate risk management frameworks and policies, processes and methodologies for managing all material risk exposures (credit, operational, strategic, reputation, compliance, market, fraud, cyber, technology, people, and liquidity

risk among others) to safeguard shareholders' investments and the Bank's assets.

- Exercise oversight over the process for the identification and assessment of risks across the Bank and the adequacy of prevention, detection, and reporting mechanisms.
- Review the adequacy and effectiveness of risk management and controls in the Bank subject to the approval of the Board of directors.
- Review and recommend for the approval of the Board, the risk management framework and policies for all material risk exposures (credit, operational, strategic, reputation, compliance, market, fraud, cyber, technology, people, and liquidity risk management), as well as assist the Board in its oversight of risk management strategy.

Board Risk Management Committee

- Approve and periodically review the Bank's risk appetite and portfolio strategy subject to the approval of the Board of Directors.
- Periodically review changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile and those trends which may threaten the Bank's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate.
- Review the Bank's compliance level with applicable laws and regulatory requirements which may impact the Bank's risk profile.
- Ensure that the risk management framework is integrated into the day-to day operations of the Bank and review the guidelines and standards for management of key risks.
- Ensure the articulation, implementation, and review of the Bank's Internal Control systems to strengthen the risk management framework.
- Ensure that the Bank holds sufficient capital against its material risks and is in compliance with established capital adequacy thresholds and regulations.
- Periodically review the results of stress testing and use the outcome to conduct internal assessment of capital adequacy.

CORPORATE GOVERNANCE REPORT CONTINUED

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

Members		Attendance	No. of Meetings
Neville Atigan	Chairman	6	6
Anthony Adejugbe	Member	5	6
Charles Obukofe	Member	6	6
Uchenna Igwebuike	Member	6	6
Dr. Victor Olowogorioye*	Member	2	6
Emmanuel Efe Emefienim, CON	Member	6	6

Board Audit Committee

The Committee acts on behalf of the Board of Directors on all audit matters. Decisions and actions of the Committee are presented to the Board for approval/ratification.

Terms of reference

- Consider for recommendation to the Board the Financial Statements of the Bank.
- Ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical principles.
- Review the scope and planning of the Bank's audit requirements.
- Review the findings on management letters in conjunction with external auditors and management responses thereon.
- Review the financial records of the Bank, including external auditors report.
- Keep under review the effectiveness of the Bank's system of accounting and internal control.
- Ensure the independence and competence of the Bank's external auditors.

Board Audit Committee

- Provide guidance to the Board on the appointment, removal, and remuneration of the external auditors to the Bank.
- Authorize the internal auditor to carry out investigations into any activities of the Bank, which may be of interest or concern to the Committee.

- Examine the Auditor's Report and make recommendations thereon to the Board as it may deem fit.
- Ensure the development of an annual risk-based internal audit plan by the Internal Audit function.
- Ensure that an external assessment of the effectiveness of the internal audit function is carried out at least once every three years by a qualified independent reviewer.
- Other ancillary duties as may be assigned by the Board from time to time.

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

Members		Attendance	No. of Meetings
Uchenna Igwebuike	Chairman	6	6
Anthony Adejugbe	Member	6	6
Neville Atigan	Member	6	6
Dr. Victor Olowogorioye*	Member	1	6
Temitope Mark*	Member	1	6

Board Remuneration & Governance Committee

The Committee acts on behalf of the Board of Directors on all matters relating to the workforce.

Terms of reference

- Set the over-arching principles and parameters of Remuneration Policy across the Bank subject to the approval of the Board.
- Consider disciplinary matters involving top management staff (Assistant Manager and above) including Directors.
- Consider and recommend for approval by the Board the remuneration arrangements of the Executive Directors of the Bank.
- Exercise oversight for people issues.
- Ensuring a transparent procedure for the selection and appointment of new Directors to the Board.
- Determining the required role and capabilities for particular appointments.
- Identifying suitable candidates to fill Board vacancies as and when they arise and nomination of candidates for the approval of the Board.

* Messrs Victor and Temitope joined the Board on August 18, 2023.



CORPORATE GOVERNANCE REPORT CONTINUED

- Facilitate the process for the orientation of new Directors as well as the continuous education and development of Directors.
- Assessing periodically the skills required for each Director to discharge competently the director's duties.
- Giving consideration to appropriate Board and senior management succession planning.
- Reviewing disclosures and the process used for appointments.
- Reviewing remuneration for the directors and senior management of the Bank.
- Consider and recommend to the Board promotions for top management staff (Assistant General Manager and above).

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

Members		Attendance	No. of Meetings
Justina Lewa	Chairperson	6	6
Godwin Abhulimen	Member	6	6
Olugbenga Omojola	Member	6	6
Temitope Mark*	Member	1	6

Board Strategy Committee

The Committee acts on behalf of the Board to carry out the Bank's strategic objectives

Terms of reference

- Evaluate the processes in place for the development and execution of strategic initiatives.
- Review the processes in place for Identifying and developing strategic opportunities for the business with a view to gaining additional share of the market, through the identification of potential growth opportunities.
- Review short and long-term strategic recommendations, that are meant to develop and capitalize business opportunities.
- Evaluate and recommend business portfolio frameworks, strategies, financial concepts, practices, programs, processes, and measures to be applied across the business.

- Review and evaluate overall performance and outcome of strategies against targets.
- Review performances to determine the effectiveness of the process of strategy implementation.
- Ensure timely execution of approved strategies.

Board Strategy Committee

- Track the efficiency and effectiveness of agreed initiatives as well as the strategy implementation systems.
- Review the implementation of the strategic plan and execution progress against strategic milestones and goals.
- Review the Bank's strategic plans and annual / quarterly corporate objectives and budgets.
- Review and monitor the investment in information technology and strategic assets and ensure that they are prioritised according to the Bank's strategy.
- Ensure that an external assessment of the effectiveness of the internal audit function is carried out at least once every three years by a qualified independent reviewer.
- Other ancillary duties as may be assigned by the Board from time to time.

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

Members		Attendance	No. of Meetings
Emmanuel Onyekwena	Chairman	6	6
Justina Lewa	Member	6	6
Olubukunola Awosanya	Member	6	6
Olugbenga Omojola	Member	6	6
Shina Atilola	Member	6	6
Emmanuel Efe Emefienim, CON	Member	6	6

* Temitope joined the Board on August 18, 2023.

CORPORATE GOVERNANCE REPORT CONTINUED

Dates for Board and Board Committee meetings held during the period:

Meetings	Dates						
Full Board	10-Mar-22	29-Aug-22	26-Nov-22	07-Mar-23	16-Jun-23	18-Aug-23	23-Nov-23
Board Credit Committee	08-Aug-22	19-Aug-22	11-Nov-22	14-Feb-23	28-Apr-23	07-Jul-23	03-Nov-23
Board Finance & General Purpose Committee	19-Aug-22	11-Nov-22	10-Feb-23	28-Apr-23	07-Jul-23	19-Oct-23	
Board Audit Committee	22-Aug-22	14-Nov-22	13-Feb-23	27-Apr-23	10-Jul-23	18-Oct-23	
Board Risk Management Committee	18-Aug-22	15-Nov-22	14-Feb-23	27-Apr-23	06-Jul-23	03-Nov-23	
Board Strategy Committee	18-Aug-22	15-Nov-22	10-Feb-23	10-May-23	06-Jul-23	19-Oct-23	
Board Governance Nomination & Remuneration Committee	22-Aug-22	14-Nov-22	13-Feb-23	10-May-23	10-Jul-23	18-Oct-23	

The Company Secretary

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

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

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

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

Management Committees

1 Executive Committee (EXCO)

The Committee provides leadership to the management team and ensures the implementation of strategies approved by the Board. It deliberates and takes decisions on the effective and efficient management of the Bank. It also reviews the Bank's performance to ensure its in line with set targets and monitors budget achievement.

2 Asset and Liability Committee (ALCO)

The Committee ensures adequate liquidity and the management of interest rate risk within acceptable parameters. It also reviews the economic outlook and its impact on the Bank's strategies.

3 Management Credit Committee (MCC)

The Committee approves new credit products and initiatives, minimum/prime lending rate and reviews the credit policy manual. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

4 IT Steering Committee (ITSC)

The Committee establishes the overall technology priorities by identifying projects that support the Bank's business plan. It provides guidance in effectively utilizing technology resources to meet business and operational needs of the Bank.



CORPORATE GOVERNANCE REPORT CONTINUED

5 Management Risk Committee (MRC)

The Committee is responsible for planning, management and control of the Bank's overall risks. It includes setting the Bank's risk philosophy, risk appetite, risk limits and risk policies.

6 Information Security Steering Committee (ISSC)

The Committee is set up to provide oversight responsibilities with respect to the Bank's information security programs and risks.

Succession Planning

PremiumTrust Bank Limited has a Succession Planning Policy which is aligned to the Bank's overall organisational development strategy. In line with the policy, People Management Group (PMG Unit) is saddled with the responsibility to coordinate the implementation of the Bank's Succession Policy.

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

Code of Ethics

PremiumTrust Bank Limited has a Code of Ethics that specifies acceptable behaviour of its staff, in the staff handbook. It is a requirement that all staff should sign a confirmation that they have read and understood the document upon employment.

The Bank also has a sanctions grid which provides sample offences/violation and prescribes measures to be adopted in various cases. The Chief People Officer (CPO) is responsible for the implementation and compliance to the "Code of Ethics".

Whistle Blowing Process

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

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

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

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

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

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

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

The Bank complied with the provisions of CBN circular FPR/DIR/CIR/GEN/01/004, Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in Nigeria Banking Industry, for the period ended 31 December 2023.

Complaint Management Policy

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



CORPORATE GOVERNANCE REPORT CONTINUED

Customer Complaints

In line with Circular No: FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the period ended 31 December 2023 is as set out below:

	NUMBER	AMOUNT CLAIMED	AMOUNT REFUNDED
	2023	2023	2023
		<i>In thousands of Naira</i>	<i>In thousands of Naira</i>
Pending complaints b/f	N/A	N/A	N/A
Complaints received	3,463	306,713,531	306,713,531
Complaints resolved	3,463	306,713,531	306,713,531
Unresolved complaints escalated to CBN for intervention	N/A	N/A	N/A
Unresolved complaints pending with the bank c/f	N/A	N/A	N/A



17th April 2024

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF PREMIUM TRUST BANK LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2023

DCSL Corporate Services Limited (DCSL) was engaged by Premium Trust Bank Limited ("Premium Trust", "the Bank") to carry out a performance evaluation of the Board of Directors for the year ended 31 December 2023, in line with the provisions of the Central Bank of Nigeria Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Providers 2023 ("CBN Corporate Governance Guidelines"), Nigerian Code of Corporate Governance 2018 ("NCCG"), and Companies and Allied Matters Act 2020 ("CAMA"), as well as global best practices on Corporate Governance.

The appraisal entailed a review of the Bank's corporate and statutory documents, Minutes of Board and Committee meetings, policies, and other ancillary documents made available to us, and the administration of questionnaires to Directors. To ascertain the extent of compliance with relevant corporate governance principles and appraise the performance of the Board, we benchmarked the Bank's corporate governance structures, policies, and processes against the above-mentioned regulations as well as global best practices and considered the following key seven (7) corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Our review of the policies and processes in place at the Bank indicates that the Board has maintained the implementation of best corporate governance practices and adherence to the principles enshrined in the CBN Corporate Governance Guidelines, the NCCG, as well as globally accepted best practices. The Directors' Peer Assessment and Chairman's Leadership Assessment surveys administered to the individual Directors indicated that the Directors performed satisfactorily against the set governance indicators and remained committed to sustaining the growth of the Bank.

We have brought to the attention of the Board the few areas that require improvement and have the Board's assurance that these will be implemented. Details of our key findings and recommendations are contained in our detailed Report.

Yours faithfully,

For: DCSL Corporate Services Ltd

Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716

Directors: – Abul O. Ajayi (Chairman) – Bisi Adeyemi (Managing Director) – Adeniyi Obe – Dr Anino Emuwa – Obi A. Ogbuchi – Mt. Lekan Belo

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2023

The Directors of Premium Trust Bank Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Bank as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the period then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act, 2023. In preparing the financial statements, the Directors are responsible for:

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

Going Concern:

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

The financial statements of the Bank for the period ended 31 December 2023 were approved by the directors on 27 March 2024.

Signed on behalf of the Directors by:

Emmanuel Efe Emefienim, CON
Managing Director/CEO
FRC/2022/PRO/DIR/003/818606

Perez Araka
Chairman
FRC/2022/PRO/DIR/003/536053



STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

FOR PERIOD ENDED 31 DECEMBER 2023

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

The financial statements of the Bank for the period ended 31 December 2023 were approved by the directors on 27 March, 2024.

Signed by:

Emmanuel Efe Emefienim, CON
Managing Director/CEO
FRC/2022/PRO/DIR /003/818606

Ayodele Shoyemi
Chief Financial Officer

REPORT OF THE BOARD AUDIT COMMITTEE

FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2023
TO THE MEMBERS OF PREMIUM TRUST BANK LIMITED

In accordance with the provision of Section 404 (7) of the Companies and Allied Matters Act 2020, the members of the Board Audit Committee of Premium Trust Bank Limited report as follows:

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with International Financial Reporting Standards and legal requirements and agreed ethical practices.
- We believe that the scope and planning of both the external and internal audits for the period ended 31 December 2023 were satisfactory and reinforce the Bank's internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters.
- The internal control system of the Bank was also being constantly and effectively monitored.

We are satisfied that the Bank has complied with the provision of the Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Directors' related credits in the financial statements of banks". We have reviewed insider-related credits of the Bank and found them to be as analysed in the financial statements. The status of performance of these facilities is disclosed in Note 32b to the financial statements.



Uchenna Igwebuike
Chairman, Board Audit Committee
FRC/2022/PRO/DIR/003/047506
25 March, 2024

Members of the Board Audit Committee are:

Uchenna Igwebuike	Chairman
Dr. Victor Olowogorioye	Non-Executive Director
Temitope Mark	Non-Executive Director
Anthony Adejugbe	Non-Executive Director
Neville Atigan	Non-Executive Director

FINANCIAL STATEMENTS

Review of the Bank's performance
for the year ended December 2023



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premium Trust Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Premium Trust Bank Limited (“the Company”)** set out on pages 71 to 147, which comprise the financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statements of changes in equity and statements of cash flows for the period then ended, the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of **Premium Trust Bank Limited** as at 31 December 2023, and its financial performance and cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

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



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Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of loans and advances to customers</p> <p>Loans and advances make up a significant portion of the total assets of the bank. At 31 December 2023, gross loans and advances was N180.307 billion against which total loan impairment of N5.001 billion was recorded, thus leaving a net loan balance of N175.2 billion which represents 57% of the total assets as at the reporting date.</p> <p>The basis of the impairments is summarised in the accounting policies to the financial statements.</p> <p>In accordance with the provisions of <i>IFRS 9 Financial Instruments</i>, the Directors have established the bank's loan loss impairment methodology using the expected credit loss model.</p> <p>The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is due to the fact that a number of significant assumptions and inputs go into the determination of the impairment on loans and advances to customers. Some of these include:</p> <ol style="list-style-type: none"> i. Estimate of probability of default ii. Estimate of loss given default iii. Segmentation iv. Exposure at default v. Credit classification vi. Estimates of projected cash flows vii. Determination of effective interest rates viii. Forward looking variables <p>Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.</p>	<p>We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by management and Directors. Specifically, our audit procedures included the following:</p> <ol style="list-style-type: none"> a. We tested the design and operating effectiveness of the key controls around identification and determination of the impairment on each loan. These control processes included reviewing: <ul style="list-style-type: none"> • Due review of credit ratings of the obligors. • Due review and control over the ECL process. b. We adopted a risk-based approach to test a sample of loans and advances to form our own assessment as to whether impairment events had occurred and to assess whether there is significant increase in credit risk of the loans or objective evidence of default using set criteria. c. We involved our credit risk specialists who assessed whether the modelling assumptions (probability of Default (PD), Loss given default (LGD), Exposure at default (EAD), Segmentation, cure rate etc.) used by management were reasonable considering the requirement of the applicable financial reporting standards, economic climate, current operational processes as well as our own knowledge of practices used by other similar banks. <p>Reviewed the reasonableness of the forward-looking assumptions applied into the impairment calculations. Challenged the economic scenarios and probability weights applied in the model.</p> <p>Where we determined that a more appropriate assumption or input in impairment measurement</p>

Key audit matter	How our audit addressed the key audit matter
	<p>could be made, we recalculated the impairment on that basis and compared the results in order to assess whether there was any indication of error or management bias.</p> <p>e. Disclosures in the financial statements were reviewed for reasonableness and compliance with the requirements of the standards.</p> <p>Based on our review, we concluded that the amount of loan impairment losses was comparable with prevailing economic situations and that the estimated loan impairment losses determined was appropriate in the circumstances.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Premium Trust Bank Limited Annual Report and Financial Statements for the period ended 31 December 2023”, which includes the Directors’ Report, Corporate Governance Report, Statement of Directors’ Responsibilities, the Board Audit Committee’s Report, Board Evaluation Report, the Statement of Corporate Responsibility for Financial Statements, and Other National Disclosures as required by Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023 which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act 2020, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Bank has kept proper books of account, so far as appears from our examination of those books.
- iii) The Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
- iv) In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider related credits are as disclosed in Note 33b.
- v) During the period, the bank did not contravene any section of the Banks and Other Financial Institutions (BOFIA) Act CAP B3 LFN 2004 and CBN circular/guidelines.

Contrary to the Financial Reporting Council of Nigeria Act, the Chief Financial Officer, a signatory to the Bank's financial statements, does not have an FRCN registration number.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
26 April 2024



Engagement Partner: **Joshua Ojo**
FRC/2013/ICAN/00000000849



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	Note(s)	18 months ended 31 Dec 2023
Interest income using effective interest rate	9	30,290,955
Interest expense using effective interest rate	10	(5,457,728)
Net interest income		24,833,227
Fees and commission income	11	16,727,915
Fees and commission expense	11	(272,766)
Net fees and commission income		16,455,149
Trading income and foreign exchange differences	12	73,869
Other operating income	13	717,467
Operating income		42,079,712
Net impairment loss on financial instruments	14	(5,085,863)
Net operating income after impairment loss		36,993,849
Personnel expenses	15	(6,360,124)
Other operating expenses	16.1	(13,362,429)
Depreciation and amortisation	16.2	(3,122,618)
Total expenses		(22,845,171)
Profit before income tax expense		14,148,678
Income tax expense	17(a)	(4,814,627)
Profit after income tax		9,334,051
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss in subsequent period:</i>		
<i>Items that will be reclassified to profit or loss in subsequent period:</i>		
Debt instruments at fair value through other comprehensive income:		
- Net change in fair value during the period		874,490
- Changes in allowance for expected credit losses		19,761
Net gains on debt instruments at fair value through other comprehensive income		894,251
Other comprehensive income for the period, net of tax		894,251
Total comprehensive income for the period, net of tax		10,228,302
Earnings per share - basic (in kobo)	18	35.9k
Earnings per share - diluted (in kobo)	18	35.9k

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	Note(s)	31 December 2023
ASSETS		
Cash and balances with Central Bank of Nigeria	19	28,414,841
Due from banks	20	31,736,918
Pledged assets	21	872,765
Loans and advances to customers	22	176,149,109
Investments in securities:	23	
- Debt instruments at fair value through other comprehensive income		44,458,156
- Debt instruments at amortised cost		5,494,709
Other assets	24	1,854,308
Property, plant and equipment	25.1	12,224,286
Right-of-use asset	25.2	5,405,539
Intangible assets	26	4,459,963
TOTAL ASSETS		311,070,594
LIABILITIES		
Deposits from customers	27	260,922,480
Current income tax payable	17(b)	2,925,942
Other borrowed funds	28	1,432,960
Other liabilities	29	7,960,584
Provisions	29	62,106
Deferred tax liabilities	17(i)	1,538,220
TOTAL LIABILITIES		274,842,292
EQUITY		
Share capital	30	26,000,000
Retained earnings		6,533,836
Other components of equity	30.1	3,694,466
TOTAL EQUITY		36,228,302
TOTAL LIABILITIES AND EQUITY		311,070,594

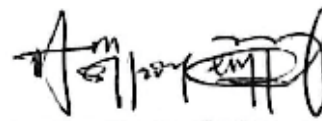
The financial statements were approved by the Board of Directors on 27 March, 2024 and signed on its behalf by:



Perez Araka
Chairman
FRC/2022/PRO/DIR/003/536053



Emmanuel Efe Emefienim, CON
Managing Director/ CEO
FRC/2022/PRO/DIR /003/818606



Ayodele Shoyemi
Chief Financial Officer

The accompanying notes form part of the financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	EQUITY RESERVES					Retained earnings	Total
	Share capital	Fair value reserve	Statutory reserve	Total other components of equity			
At 1 July 2022	26,000,000		-	-	-	26,000,000	
Issuance of shares							
Comprehensive income for the period:							
Profit for the period	-	-	-	-	9,334,051	9,334,051	
Other comprehensive income for the period, net of tax:							
Net change in fair value of other financial instruments at FVOCI	-	874,490	-	874,490	-	874,490	
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	19,761	-	19,761	-	19,761	
Total comprehensive income	-	894,251	-	894,251	9,334,051	10,228,302	
Transactions with equity holders, recorded directly in equity:							
Transfer to statutory reserve (Notes 31.1a)	-	-	2,800,215	2,800,215	(2,800,215)	-	
	-	-	2,800,215	2,800,215	(2,800,215)	-	
As at 31 December 2023	26,000,000	894,251	2,800,215	3,694,466	6,533,836	36,228,302	

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	Note(s)	31 December 2023
Profit before income tax expense		14,148,678
<i>Adjustments for non cash items:</i>		
Net impairment loss on financial instruments	14	5,085,863
Depreciation and amortisation	16.2	3,122,618
Gain on disposal of property and equipment	13	(4,627)
Gain on disposal of securities at FVOCI	13	(671,253)
Net interest income		(24,833,227)
Net foreign exchange loss	12	(73,869)
		(3,225,818)
Changes in operating assets:		
Deposits with the Central Bank of Nigeria		(25,434,638)
Pledged assets		(872,765)
Loans and advances to customers		(181,150,567)
Other assets		(1,854,308)
		(212,538,096)
Changes in operating liabilities:		
Deposits from customers		260,922,480
Other liabilities		7,960,584
Cash generated from operations		
Interest received		22,073,796
Interest paid on deposits from banks and customers		(4,387,282)
VAT paid		(1,255,471)
Income tax paid	17(b)	(350,465)
Net cash flows from operating activities		72,425,547
Investing activities		
Purchase of property, plant and equipment	25.1	(13,901,711)
Purchase of intangible assets	26	(5,422,523)
Right-of-use-asset		(5,250,581)
Proceeds from sale of property, plant and equipment		24,300
Purchase of debt instruments at FVOCI		(66,416,745)
Purchase of debt instruments at amortised cost		(5,269,200)
Proceeds from sale/redemption of debt instruments at FVOCI		31,192,908
Net cash flows used in investing activities		(65,043,552)
Financing activities:		
Share capital	30	26,000,000
Proceeds from other borrowed funds	28	7,696,325
Repayments of other borrowed funds	28	(6,268,640)
Interest paid on other borrowed funds	28	(92,558)
Net cash flows used in financing activities		27,335,127
Net increase in cash and cash equivalents		34,717,122
Cash and cash equivalents at 1 July 2022		-
Cash and cash equivalents at 31 December	34	34,717,122

The accompanying notes form part of the financial statements.



STATEMENT OF PRUDENTIAL ADJUSTMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

The regulators, Central Bank of Nigeria and Nigeria Deposit Insurance Corporation, stipulate that impairment allowance for financial assets shall be determined based on the requirements of IFRS.

The IFRS allowance should then be compared with the impairment determined under the prudential guidelines as prescribed by CBN and the difference should be treated as follows:

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

<i>In thousands of Naira</i>	Note(s)	As at 31 Dec 2023
Transfer to Regulatory Risk Reserve		
Prudential provision		3,646,163
Total Prudential provision		3,646,163
IFRS provision		
Impairment allowance on loans to corporate entities	22.1	4,999,534
Impairment allowance on loans to individuals	22.2	1,923
Impairment allowance on pledged assets at FVOCI	21.2.1	668
Impairment allowance on debt instruments at FVOCI	23(c)	19,093
Provisions for letters of credits and guarantees	29.4	62,106
		5,083,325
Difference in impairment provision balances		(1,437,162)
Movement in the Regulatory Risk Reserve:		
Balance at the beginning of the period		-
Transfer (from) / to Regulatory Risk Reserve		-
		-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

1 Corporate Information

PremiumTrust Bank Limited, registered address at Plot 1612, Adeola Hopewell street, Victoria Island, Lagos State is a full commercial bank in Nigeria incorporated under the Companies and Allied Matters Act 1990 as a Limited liability company. It obtained a letter of approval for license from Central Bank of Nigeria (CBN) to operate as a Commercial Bank on the 14th of December, 2021 and commenced business effective 19th of April, 2022.

The Bank is engaged in commercial banking businesses with emphasis in retail and consumer banking, trade services, corporate and investment activities. It also provides wholesale banking services including the granting of loans and advances, money market operations as well as digital and transaction banking across a wide range of platforms and channels to deliver personalised solutions to its customers with aim of growing their business for them.

The financial statements of Premium Trust Bank Limited for the period ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 28 March 2024.

2 Accounting Policies

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The separate financial statement of the Bank is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act No 6, 2023, the Banks and Other Financial Institutions Act 2020, and relevant Central Bank of Nigeria circulars.

The separate financial statements are prepared on a historical cost basis, except for financial assets measured at fair value.

(a) Functional and Presentation currency

The financial statement is presented in Nigerian Naira and all values are rounded to the nearest thousand (N'000) except when otherwise indicated.

(b) Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity.

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

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.2.1 Taxes

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

(i) Current tax

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

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

(ii) Deferred tax

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

2.2.2 Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification of financial instruments

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

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

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

The Bank classifies its financial liabilities at fair value through profit or loss and liabilities at amortized cost.

(iii) Subsequent measurement

Financial assets

(i) Debt instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

The Bank's financial assets at amortized cost include due from banks, loans and advances to customers, and other debt instruments at amortized cost.

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

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

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

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

The Bank's financial assets at fair value through other comprehensive income includes but not limited to treasury bills and, government bonds.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value as well as cash returns on debt investment that is

subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net trading income' in the period in which it arises.

(ii) Equity instruments

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

Dividends from such investments would be recognized in profit or loss as other operating income when the Bank's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. The Bank had no equity investments during the period

(iv) Business model assessment

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

The information considered includes:

- 1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- 2) How the performance of the portfolio is evaluated and reported to the Bank's management;
- 3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest on principal

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

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

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to revise the interest rate at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market

rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date.

The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

The Bank classifies financial liabilities into financial liabilities at amortized cost and fair value through profit or loss. Financial liabilities are derecognized when extinguished. i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

The Bank does not have any financial liabilities at fair value through profit or loss.

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

(ii) Financial liabilities at amortised cost

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

(v) Reclassifications

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets that are debt instruments. A change in the objective of the Bank's business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

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

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognized are not restated when reclassification occurs.

The Bank may only sell insignificant portion of debt instruments measured at amortised cost frequently without triggering a change in business model. If the Bank sells significant portions, this will not be more

than twice a year subject to cases of unlikely to reoccur events such as:

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

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

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

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

(vi) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

modification gain or loss in profit or loss as part of interest income for the year.

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

Qualitative criteria

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

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

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

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

- Change in interest rate arising from a change in MPR which is a benchmark rate that drives borrowing rates in Nigeria
- Bulk repayment of financial asset

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

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

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

(ii) Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extin-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

guishment. If the exchange or modification is not accounted for as an extinguishment (i.e the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

(vii) Impairment of financial assets

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

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

No impairment loss is recognized on equity investments. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

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

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

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

1. Measurement of Expected Credit loss (ECL)

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

- Financial assets that are not credit-impaired at the reporting date: ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
- Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired financial assets): ECL represents the difference between the gross carrying amount and the present value of estimated future cash flows.

- Undrawn loan commitments: ECL is the present value of the difference between the contractual cash flows that are due to Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- Financial guarantee contracts: This is the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

2. Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows on the financial asset have occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

3. Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

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

4. Reversal of Impairment

Similarly, to assessing whether assets are impaired, there is need to assess at the end of each reporting period, whether there is any indication that an impairment loss recognised in prior periods should be reversed or partially reversed.

For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss should be reversed through profit or loss.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or amortised cost investment securities.

Impairment losses on investment securities at fair value through other comprehensive income are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value.

5. Write-off

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

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

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

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

(viii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone deriva-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

The Bank did not have any embedded derivative in the 2023 financial period.

(ix) Offsetting financial instruments

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

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

(x) Derivative financial instruments:

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

(xi) De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of owner-

ship and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(xii) Financial guarantees and loan commitments

The date that the entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements. Financial guarantees issued are initially measured at fair value and the fair value is amortised over the life of the guarantee. Subsequently, the financial guarantees are measured at the higher of this amortised amount and the amount of expected loss allowance (See Note 32(b)). The Bank also recognises loss allowance for its loan commitments (See Note 32(b)). The expected loss allowance for the Loan commitment is calculated as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

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

(xiii) Definition of Default

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes, except where there is regulatory waiver on specifically identified loans and advances.

2.2.3 Revenue recognition

Interest income and expense

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

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

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

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

a. Amortised cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest

method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

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

b. Calculation of interest income and expenses

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

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

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

c. Presentation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

d. Fees and commission income and expense

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

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

e. Net trading income

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

2.2.4 Cash and cash equivalents

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

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

2.2.5 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

Freehold buildings	50 years
Leasehold improvements	10 years
Furniture & fittings	5 years
Office equipment	5 years
Computer equipment	5 years
Motor vehicles	5 years

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

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

(iv) De-recognition

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

2.2.7 Intangible assets

Software

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five (5) years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and accounted for prospectively.

2.2.8 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

(i) Bank as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

(a) Initial Measurement

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The right of use asset (ROU) is measured at cost at the commencement date. The cost of ROU comprises:

- The amount equal to the lease liability at its initial recognition.
- Lease payments made at or before the commencement of the lease (less any lease incentives received).
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a modification, i.e, when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Subsequent Measurement

The lease liability is subsequently measured by increasing and decreasing the carrying amount with the interest on lease liability and lease payment respectively.

The right of use asset is reduced by the depreciation charge on the asset (depreciation is calculated on straight line basis using the lesser of the useful life of the asset and the lease term).

(c) Presentation and Disclosure of Leases

Right of use assets and Lease Liability are presented separately in the Statement of Financial Position.

Depreciation charge for right of use asset is presented the same way as depreciation/amortization of assets are accounted for under IAS16/IAS38.

Interest expense on the lease liability should be included in finance cost.

Short-term leases and leases of low-value assets

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

(ii) Bank as a Lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Bank determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

2.2.9 Impairment of non-financial assets

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

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that largely are independent from other assets and group. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Banks of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In respect of other assets, impairment losses recognized 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 recognized.

2.2.10 Employee benefits

(i) Defined contribution plans

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

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

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

(ii) Termination benefits

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(iii) Short-term benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.2.11 Contingencies

(i) Contingent asset

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

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

(ii) Contingent liability

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

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

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

(iii) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (When the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.2.12 Share capital

(i) Share issue costs

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

(ii) Share premium

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

(iii) Dividend on ordinary shares

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

2.2.13 Equity reserves

(i) Fair value reserve

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(ii) Regulatory risk reserve

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

(iii) Statutory reserve

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

2.2.14 Earnings per share

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

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

2.2.15 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Bank's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The Bank segment reporting is based on the following operating segments: Lagos & Southwest, South-South and Abuja directorate.

2.2.16 Foreign currency translation

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

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

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

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

2.2.17 Pledged financial assets

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

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

2.2.18 Fair value definition and measurement

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

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

Quantitative disclosures of fair value measurement hierarchy are in Note 6.

Financial instruments (including those carried at amortised cost) are in Note 6.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following amendments and interpretations became effective in the annual period starting from 1 January, 2022 and 1 January 2023. The new reporting requirements as a result of the amendments and interpretations have been considered and their impact or otherwise are presented below:

(ii) Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Bank has adopted the amendments to IAS 37 for the first time in the current year. The amendments

specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are no significant impact on the financial statements of the Bank.

(iii) Amendments to IAS 8: Definition of Accounting Estimates

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendment clarifies that a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

These amendments are no significant impact on the financial statements of the Bank.

(iv) Amendments to IAS 16, Property, Plant and Equipment- Proceeds before Intended Use

The Bank has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'.

IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

These amendments are no significant impact on the financial statements of the Bank

(v) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - right-of-use assets and lease liabilities, and
 - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets."
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

These amendments have no significant impact on the financial statements of the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy

information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards

(i) IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

(ii) IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted

These amendments have no significant impact on the financial statements of the Bank

Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

These amendments have no significant impact on the financial statements of the Bank.

3. Material Accounting Judgements, Estimates and Assumptions

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

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

3.1 SIGNIFICANT INCREASE IN CREDIT RISK

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower – specific quantitative and qualitative information. The common assessments for SICR on retail and non-retail portfolios, including macro-economic outlook, management judgement and delinquency and monitoring.

The Bank adopts a multi-factor approach in assessing changes in credit risk. The approach considers Quantitative, Qualitative and Back stop indicators which are critical in allocating financial assets into stages.

The Bank considers financial instruments to have experienced a significant increase in credit risk when one or more of the following or backstop criteria are met.

Quantitative Indicators

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognized.

Deterioration in the credit rating of an obligor is based on the Bank's internal rating system. However, the downgrade considers movement from a grade band to another for instance Investment grade to standard grade. The Bank also considers accounts that meet the criteria to be put on the watchlist bucket in line with CBN prudential guidelines since they have significantly increased in credit risk.

Qualitative Indicators

For Retail loans, if the borrower meets one or more of the following criteria:

- In short-term forbearance.
- Direct debit cancellation
- Extension to the terms agreed
- Previous arrears within the last 12 months.

For Non-retail portfolio, if the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse changes in the operating results of the obligor
- Significant changes in the collateral value (secured facilities only) which is expected to increase the risk of default.
- Early signs of cashflow/liquidity problems such as delay in servicing loans.

The assessment of SICR incorporates forward-looking information and is performed on a periodic basis. criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is typically used to ensure that in the (unlikely) event that the quantitative indicators do not change and there is no trigger for the qualitative indicators, an account that has breached the 30 days



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

past due criteria for SICR and 90 days past due criteria for default is transferred to Stage 2 or Stage 3 as the case may be except there is unreasonable and supportable evidence available without undue cost to rebut the presumption.

Reversal of Impairment

When the bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that criteria for recognizing the lifetime ECL is no longer met i.e., cured, the bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Bank observes the following backward transfer criteria (probationary period) to monitor if the criteria for recognizing the lifetime ECL has decreased significantly before the backward transfer can be effected on the credit rating of the customer:

- 90 days probationary period to move a financial instrument from Lifetime ECL not credit - impaired (Stage 2 financial instruments) to 12 months ECL (Stage 1 financial instruments).
- 90 days probationary period to move a financial instrument from Lifetime ECL credit-impaired (Stage 3 financial instruments) to Lifetime ECL not impaired (Stage 2 financial instruments)
- 180 days probationary period to move a loan from Lifetime ECL credit-impaired (Stage 3 financial instruments) to 12 months ECL (Stage 1 financial instruments)

The bank also considers qualitative criteria where necessary. Impairment gains arising from backward transfers will be recognized as part of impairment losses on financial instruments.

3.2 ESTIMATES AND ASSUMPTIONS

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

control of the Bank. Such changes are reflected in the assumptions when they occur.

(i) Depreciation and carrying value of property and equipment

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

See Note 25 for further disclosure on property, plant and equipment.

(ii) Amortisation and carrying value of intangible assets

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

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

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

(iv) Determination of collateral value

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterparty. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule,

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

however some collateral, for example, cash or securities relating to margin requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

(v) Business model assessment

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

Allowances for credit losses

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

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

Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their inter-

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

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

(vi) Fair value of financial instruments

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

(viii) Estimating the incremental borrowing rate

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

3.3 JUDGMENTS

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

(i) Going Concern

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

(ii) Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

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

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

3.4 COLLATERAL

The Bank obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for customers in the event that the customer defaults.

The Bank may also use other credit instruments, such as derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities and other non-cash assets is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

In certain circumstances, property may be repossessed following the foreclosure on loans that are in default.

These repossessed collaterals are sold as soon as practicable. Repossessed properties are measured at the lower of carrying amount of the related loan and fair value less cost to sell and reported within 'Other asset'.

4 New Standards and Interpretations

4.1 NEW STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only

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to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

These amendments are not expected to have significant impact on the financial statements of the Bank.

(i) Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

These amendments are not expected to have significant impact on the financial statements of the Bank.

Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer

settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. These amendments are not expected to have significant impact on the financial statements of the Bank.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be



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required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

These amendments are not expected to have significant impact on the financial statements of the Bank.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a

sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

These amendments are not expected to have significant impact on the financial statements of the Bank.

5 Segment Information

Segment information is presented in respect of the Bank's strategic business units which represents the segment reporting format and is based on the Bank's management and reporting structure.

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

(b) Reportable segment

The Bank has four reportable segments; Lagos Southwest, South-South, Abuja, Specialized Business Group which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on a monthly basis.

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

- Specialized Banking Group provides banking solutions to multinational companies and other financial institutions;
- Lagos Southwest, South-South and Abuja Directorates provides banking solutions to individuals, small businesses, partnerships and commercial entities among others.

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

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

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue during the period.

The activity of the segments are centrally financed, thus the cash flow for the Bank is presented in the Statement of cash flows.

31 December 2023 <i>In thousands of Naira</i>	Lagos				
	South West	South-South	Abuja	SBG	Total
Interest income	4,965,699	20,875,326	3,300,691	1,149,239	30,290,955
Interest expense	(1,537,979)	(2,458,576)	(1,220,374)	(240,799)	(5,457,728)
Net interest margin	3,427,720	18,416,750	2,080,318	908,440	24,833,227
Net fees and commission income	2,573,889	8,616,217	3,007,803	2,257,240	16,455,149
Other Operating Income	70,399	713,036	6,485	1,415	791,336
Net impairment loss on financial instruments	(587,592)	(4,472,038)	(2,528)	(23,706)	(5,085,863)
Depreciation and Amortization	(994,353)	(1,395,583)	(383,785)	(348,896)	(3,122,618)
Operating Expenses	(3,043,483)	(11,532,018)	(2,948,681)	(2,198,370)	(19,722,553)
Segment profit/(loss)	1,446,580	10,346,363	1,759,611	596,124	14,148,678
Total Assets	35,939,329	273,526,753	154,592	1,449,920	311,070,594
Total Liabilities	67,514,096	145,721,545	52,962,446	8,644,205	274,842,292



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6 Financial Risk Management

(a) Introduction and overview

PremiumTrust Bank has a robust risk culture, embraces the best practice Enterprise wide Risk Management and adopts an integrated approach by bringing all risks together under a limited number of oversight functions. The risk management framework is designed to align people, strategy, policies, processes, technology and business intelligence in order to evaluate, manage and optimize the opportunities and threats it may face in maximising sustainable stakeholders' value within its defined risk appetite.

The Bank has recognised the following risk categories to include Credit, Operational, Market and Liquidity Risks, Capital Risk Management, Legal and Compliance Risk, Information and Cyber Security Risk, Reputational Risk, Environmental and Social Risk. Risk identification in these areas is carried out by the relevant risk owners, in collaboration with the Enterprise Risk Management.

Risk management framework

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

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

- Risk management objectives and philosophy
- Governance structure

- Roles and responsibilities for managing risks
- Risk management process

Three Lines of Defense

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

First line of defence - Strategic Business Functions

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

- Adhering to and embedding frameworks, policies and procedures set.
- Identify emerging risks at the transaction/business unit level and conduct material risk assessments, at least annually;
- Promote a strong risk culture and sustainable risk-return decision-making; and
- Implement controls to reduce the likelihood and impact of risks.

Second line of defense - Independent Risk and Control Oversight

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

Third line of defense - Independent Assurance

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Risk management philosophy

The Bank's Risk Management Philosophy describes its attitude to risk taking and it considers sound risk management practice to be the foundation of a strong and long lasting financial institution.

- A. Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.
- B. Risk Management is governed by well-defined policies which are clearly communicated across the Bank.
- C. The Bank's decisions will be based on careful analysis of its operating environment as well as the implications of the identified risks to the achievement of its strategic goals.
- D. The Bank will always comply with all government regulations and continually espouse global best practice.
- E. The Bank will only assume risks that fall within its risk appetite with appropriate returns.

(b) Risk Management Structure

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

The Board Risk Management Committee (BRMC) oversee the establishment of a comprehensive organisation-wide risk management framework, as well as the policies, processes, and controls to ensure effective mitigation of risk in the Bank.

The Board Credit Committee (BCC) acts on behalf of the Board of Directors on all credit matters. It provides strategic direction to the Board for the development and achievement of the Bank's credit and lending objectives

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

The Board Audit Committee (BAC) oversee the Bank's accounting and financial reporting functions, review and approve the annual audit plan, and ensures that an internal audit function is established to provide reasonable assurance to the board on the effectiveness of the Bank's system of internal controls.

The Asset and Liability Committee (ALCO) establish, review, and monitor the profitability plan of the Bank's Asset and Liability Management and recommend the same for Board approval as well as approve the Bank's market risk management strategies and policies and procedures for identifying, measuring, managing and reporting of market risk and liquidity risk.

The Risk Management Committee (RMC) is responsible for providing central oversight of risk management across the Bank to ensure that the spectrum of risks within the purview of the committee are properly identified, measured, monitored, and controlled in order to minimize adverse outcomes.

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

The Executive Committee (EXCO) responsible for proposing to the Board of Directors policies, objectives, and corporate strategies of the bank. It drives and reviews the financial performance of the bank as well as ensures efficient deployment and management of the bank's resources.

The New Product Committee (NPC) responsible for establishing guidelines on the requirements applicable for Product Design Document in respect of any new financial product sought to be introduced. Also, ensures that policies and procedures for managing product risk are formally endorsed by the Board and documented.

(c) Risk measurement and reporting systems

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Risk Information compiled from all business activities of the Bank is analyzed and processed on a timely basis for informed management decision. The Risk Management Committee (MRC) and the Board Risk Management Committee (BRMC) which constitute the supervisory body are updated on the risk profile of the Bank through regular risk reports.

(d) Risk Mitigation

The Bank's approach to controlling various risks begins with optimizing the diversification of its exposures. PremiumTrust uses a variety of techniques to manage the credit risk arising from its lending activities. These techniques are set out in the Bank's internal policies and procedures. They are mainly reflected in the application of various exposure limits: credit concentration limits by counterparty and credit concentration limits by industry, country, region and type of financial instrument.

Enforceable legal documentation establishes Premium Trust Bank's direct, irrevocable and unconditional recourse to any collateral, security or other credit enhancements.

A key mitigation step employed by the Bank in its credit risk management process includes the use of collateral securities to secure its loans and advances as alternative sources of repayment during adverse conditions.

Collateral analysis includes a good description of the collateral, its value, how the value was arrived at, and when the valuation was made. It is usually necessary to review the potential adverse changes in the value of collateral security for the foreseeable future.

Collateral securities are usually valued and inspected prior to disbursement and on a regular basis thereafter until full repayment of the exposure. We conduct a regular review of all collateral documentation in respect of all credits in the Bank and specific gaps in the collateral documentation addressed immediately.

(e) Risk Appetite

The Banks recognises that there are inherent risks associated with the pursuit of growth opportunities in achieving its strategic objectives. While the risk philosophy articulates how inherent risks are considered when making decisions, the Board and Management of the Bank determine the risks that are acceptable based

on its capabilities in terms of people, capital and technology.

The Bank's risk appetite describes the quantum of risk that the Bank would assume in pursuit of its business objectives at any point in time. The Bank uses this risk appetite definition in aligning its overall corporate strategy, its capital allocation and risks.

The Identified risk factors include - Capital Adequacy, Return on Assets, Return on Equity, Cost-to-Income, Asset quality (Non-Performing Loan) and Coverage, Liquidity and Coverage Ratio, Obligor and Sector Concentration, Staff Attrition, Operational Risk Loss.

The Risk Appetite Statement expresses the degree of risk acceptable to the Bank in achieving its strategic plan. The Bank shall consider the following in defining the Risk Appetite Statement:

- Strategic Objectives
- Management perspective
- Economic conditions
- Stakeholders expectations
- Target benchmarking
- Regulatory threshold

(f) Concentration Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid concentration risk, credit concentration limits are set and monitored along industries and sectors, geography, collaterals and products. The ultimate objective of managing credit portfolio concentration risk is to ensure proper diversification of the risk assets portfolio. Concentration limits are also in place to manage Investment Portfolio and customer deposit concentration in the management of liquidity risk.

(g) Credit Risk Management

The Bank's credit risk management activities are based on certain fundamental principles. The effectiveness of risk management process throughout the Bank is based on a formal governance structure with systemic

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

reporting processes within a well-defined control environment.

The Bank's risk policy allows its personnel take initiatives and responsibility towards proactive identification of risks in products and services delivered to the market.

The Bank's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still make sufficient profit.

Credit risks are examined for all credit-related transactions including investments and trading transactions. Credit risks are examined and managed for unfunded loan commitments in addition to funded loans and leases.

(h) Risk Management Architecture

Risks are managed such that the risk profile and the Bank's reputation are aligned with the Bank's objective of conservative risk appetite, balanced against a desire for reasonable returns.

(i) Organization Structure

Premium Trust Bank as a relatively new financial institution currently has its business activities structured along regional/geographic lines with presence in the following regions:

- Lagos
- South-South
- South-West
- Abuja
- Specialized Banking

The Bank's strategic focus is to build a customer centric, innovative and technology driven financial institution.

The Bank's product include: savings accounts, current accounts, fixed deposit accounts, e-banking, trade finance, project finance, Term Loans, Overdrafts, Contract Finance Facilities, Invoice Discounting, Finance Lease.

In addition to the business segments, the Bank is also supported by the activities of the following Strategic Resource Functions:

- Enterprise Risk Management
- Treasury
- Internal Audit

- Strategy and Innovation
- Brand Marketing & Communication
- Finance and Performance Management
- People Management Group
- International Trade Services
- Information Technology
- Customer Experience Management
- Legal and Company Secretariat
- Compliance
- Central Operations

(j) Methodology for Risk Rating

The Bank has a credit rating and scoring system developed for rating exposures. They were developed in line with international best practice. Exposures are created by Corporate, Commercial and Retail business segments. The credit risk rating system assigns scores using various risk parameters based on the information provided by the borrower.

The rating is derived by adding the scores from all the risk parameters and the outcome of the rating is important for approval / rejection of the loan request.

Retail/SME Loans:

Retail loans are governed by standard credit product programs and categorized as Consumer & SME loans. Consumer loans are availed to individuals while SME loans are granted to unstructured businesses. Unstructured businesses are small and medium scale businesses that rarely keep proper accounting records. Retail and SME scorecards are used for assessing Consumer and SME loans respectively.

Commercial and Corporate Loans:

Commercial and Corporate Customers are rated using risk rating models. Depending on the underlying business transaction, Specialized Lending Models are also used for assessing specialized loans to Corporate and Commercial Customers. The rating methodology is based on both quantitative and qualitative factors. Quantitative factors are mainly the financial ratios, account conduct among others. Qualitative factors are based on the following risk categories: a. Business Risk b. Industry Risk c. Management Risk

Credit Scoring System:

The Bank's credit scoring system assigns value to various factors. They are added and averaged to determine a credit score for applications. The scoring system either recommends for approval or decline, or refers the application for further analysis.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

The risk rating methodology is based on the following fundamental analyses (financial analysis and non-financial analysis):

Structured Businesses

The factors to be considered are:

Quantitative factors are basically the financial ratios which include:

- a. Leverage ratios
- b. Liquidity ratios
- c. Profitability ratios
- d. Interest Coverage ratios
- e. Activity ratio

Qualitative factors. These include:

a. Industry

- i. Size of the business.
- ii. Industry growth
- iii. Market Competition
- iv. Entry/Exit barriers

b. Management:

- i. Experience of the management team
- ii. Succession Planning
- iii. Organizational structure

c. Security:

- i. Collateral type
- ii. Collateral coverage
- iii. Guarantee i.e. the worth of Personal Guarantee /Corporate Guarantee pledged as support.

d. Relationship with the Bank:

- i. Account turnover (efficiency ratio)
- ii. Account conduct
- iii. Compliance with covenants/conditions
- iv. Personal deposits with the bank.

Unstructured Businesses:

These are customers that rarely keep proper accounting records, hence the maximum limit that can be availed to them is restricted to N20m.

The factors to be considered are:

Quantitative factors. These include:

i) Contract related transactions

- a) Net Profit Margin
- b) Counterparty - Nature/Financial capacity of the Principals

ii) Other Facilities

- a) Account turnover
- b) Repayment history

Qualitative factors. These include:

Management:

- i. Experience/Technical competence with evidence
- ii. Succession Planning

i. Industry

- ii. Industry growth
- iii. Share of the market
- iv. Regulations: Whether the industry is regulated or not
- v. Entry/Exit

In general, the following are considered in assessing facility request

(i) Character

Fundamental to every credit decision is the honesty and integrity of the individuals to whom the Bank lends directly or who manage the enterprises to which the Bank lends. Character is the single most important factor in the credit decision.

(ii) Capacity

The acceptance of a credit depends upon an objective evaluation of the customer's ability to repay the borrowed funds. To establish this, profitability and liquidity ratios are used as part of the assessment.

(iii) Capital

The borrower must provide capital for anticipated adversity. The index to determine capital should be leverage for overdraft, lease and term loan facilities.

(iv) Cash Collateralised Facilities

Cash collateralised facilities are not to be subjected to this scoring method, unless the character of the customer is questionable, in which case, the application is rejected. For cash collateralised facilities, the key issue is safety margin. Local cash deposits shall provide 110% coverage for the Bank's exposure. Foreign currency deposits pledged shall provide minimum 120% coverage for the Bank's exposure.

(v) Pricing

The pricing of facilities is done to reflect the inherent risks for accepting the exposure by the Bank. The average score computed often determines the minimum

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

level of interest chargeable. This interest rate determined would be a guide. For the purposes of clarity, a prime rate is determined by Asset and Liability Management Department and other rates are either above or below it.

(vi) Collateral/Security

Collateral, often referred to as credit risk mitigant, gives additional assurance to recovering loans granted to customers. The pledged collateral is documented and continuously reviewed as to its value and marketability.

Collaterals/securities are reviewed and scored based on the following parameters:

- Whether secured or not secured
- If secured, what type of security
- Perfectible legal mortgage
- Equitable mortgage
- Chattel mortgages
- Location of security/collateral
- Loan to value ratio of collateral offered
- Marketability of security/collateral
- Whether collateral is a specialised asset or general purpose - type asset.
- Depreciating or appreciating value over time.

Enterprise risk review

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Risks are an inevitable consequence of being in business.

The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by Enterprise Risk Management(ERM) within the policies approved by the Board of Directors. The ERM of the Bank identifies, evaluates and manages respective aspects of financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering

specific areas, such as liquidity risk, foreign exchange risk, interest rate risk, credit risk, market risk and operational risk. In addition, the Audit Division is responsible for the independent review of risk management and the control environment. The most important types of risk are Credit risk, Liquidity risk, Market risk and Operational risk. Market risk includes currency risk, interest rate and other price risk.

6.1 CREDIT RISK

Credit exposures arise principally in lending activities carried out through loans and advances, debt securities and other instruments in the Bank's risk asset portfolio. Credit risk is also inherent in off-balance sheet financial instruments.

The Bank manages credit risks, which has been defined as the potential for a counterparty to default on financial obligations leading to financial losses. Credit risk is the principal source of risk to the Bank arising from loans and advances extended to customers under the corporate, commercial, and retail business lines.

There is also credit risk in off-balance sheet financial instruments. Credit risk is managed by the Enterprise Risk Management Bank (ERM). They report to the MD/Chief Executive Officer who in turn reports to the Board of Directors.

Main Characteristics and Elements of Credit Risk Management;

(a) Credit Portfolio Planning

In line with the Bank's planning cycle, credit portfolio plans are developed and approved at the overall Bank and individual business unit level.

Credit portfolio planning entails definition and agreement of target risk asset threshold for different sectors, definition of target markets and criteria for risk acceptance at the corporate level and across each credit creating business unit in the Bank.

(b) Exposure Development and Creation

Exposure Development and creation incorporates the procedures for preliminary screening of facility requests, detailed credit risk analysis and risk rating, risk triggered review and approval of facilities, and controlled credit avilment of approved facilities, processes and guidelines for developing credit opportunities and creating quality risk assets in line with the Bank's risk management policies.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(c) Exposure Management

To minimize the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear guidelines for management of the risk asset portfolio and individual risk exposures are defined. Exposure management entails collateral management, facility performance monitoring, quality reviews, risk asset classification and reporting.

(d) Delinquency Management/Loan Workout

In the undesired event of decline in risk asset quality, prompt identification and management of delinquent loans significantly reduces credit risk losses in the Bank. The delinquency management/loan workout module of the integrated risk management framework outlines the approach for identification and management of declining credit quality. This also covers loan workout where all activities are geared towards resuscitating non-performing loans, and the first stage in the process of recognizing possible credit loss.

(e) Credit Recovery

Deliberate actions will be taken to proactively minimize the Bank's loss on non-performing loans. Directions are provided in the Credit Policy guide for winding down the Bank's exposure, waivers, write-offs, etc. In the event of recovery, process for recognizing income and previously written-off amounts is also defined.

The Bank's Risk Management Objectives and Policies

The Bank's risk management objectives and policies for credit risk include the following:

1. To ensure optimal earnings through high quality risk portfolio.
2. Clear articulation of criteria for decision making.
3. Description of specific activities and tasks with respect to the creation and management of risk assets.
4. Description of specific activities and tasks in respect of the creation and management of risk assets.
5. Definition of non-performing loans as those with interest and principal repayment outstanding for 90 days or more.
6. Other criteria are also defined for determining impaired loans. These include:
 - Borrower's business recording consistent losses which might impair the cash flow, and loan repayment.
 - Borrower's networth being grossly eroded due to some macroeconomic events.

- Lack of communication from the borrower.
- Security offered has deteriorated in value and full payment cannot be guaranteed from normal operating sources.
- Where the Bank consents to loan restructuring, resulting in diminished financial obligation.
- Demonstrated material forgiveness of debt or postponement of scheduled payment.

Categorization of collaterals to determine the acceptable security for the mitigation of impairment impact on the Income Statement.

(f) Risk Management Architecture

Risks are managed such that the risk profile and the Bank's reputation are aligned with the Bank's objective of conservative risk appetite, balanced against a desire for reasonable returns.

(ii) Credit risk measurement

Before a sound and prudent credit decision can be made, the credit risk of the borrower or counterparty must be accurately assessed. Each application is analyzed and assigned one of 19 (nineteen) grades using a credit rating system developed by the Bank for all exposures to credit risk. Each grade corresponds to a borrower's or counterparty's probability of default.

The Bank's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the Bank is based on a simple formal governance structure with regular reporting processes within a well-defined control environment.

The Bank's risk policy allows its personnel take initiatives and responsibility to proactively identify risks in delivering products and services to the market in a value-added manner.

The Bank's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still earn sufficient profit to make returns which are competitive with other investments.

Credit risks are examined for all credit-related transactions including investments and trading transactions, in addition to loans and leases. Credit risks are examined and managed for unfunded loan commitments in addition to funded loans and leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(iii) Credit granting process

Credit granting decisions are based on the results of the risk assessment. In addition, to the client's solvency, credit granting decisions are also influenced by factors such as available collateral, transaction compliance with policies and standards, procedures and the Bank's overall risk-adjusted returns objective. Each credit granting decision is made by authorities within the risk management teams and management who are independent of the business units and are at a reporting level commensurate with the size of the proposed credit transaction and the associated risk.

(a) Loans and advances

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

- (i) the character and capacity of the client or counterparty to pay down on its contractual obligations;
- (ii) current exposures to the counterparty and its likely future development;
- (iii) credit history of the counterparty; and
- (iv) the likely recovery ratio in case of default obligations -using value of collateral and other ways out.

The Bank's rating scale, which is shown below, reflects the range of scores defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their credit risk changes.

The risk rating scale and the external rating equivalent is detailed below:

Risk Rating	Bucket Rating	Remarks
AAA	1	Excellent
AA+ TO AA-	2	Good Credit Risk
A+ TO A-	3	Above Average
BBB+ TO BBB-	4	Average Credit Risk
BB+ TO BB-	5	Below Average
B	6	High Credit Risk
C TO CCC	7	Very High Credit Risk
D - S	8	Substandard
D - D	9	Doubtful
D - L	10	Lost

(b) Debt Securities and Other Bills

For debt securities and other bills, external ratings such as Agosto rating or their equivalents are used by Treasury Department primarily to manage their liquidity risk exposures.

(iv) Credit Risk Control & Mitigation policy

The Bank manages concentration risks to counterparties, Banks, sectors and countries. The level of credit risk undertaken is controlled by setting limits on exposures to individuals, Banks, geographical and sectoral segments and facilitate continuous monitoring of adherence to set limits. The limits set are reviewed periodically and approved by the Board of Directors.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or Banks of borrowers (single obligor limits), and to geographical and sectoral segments. Such risks are monitored on a revolving basis. Limits on the level of credit risk by industry sector and by geography are reviewed and approved quarterly by the Board of Directors.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on- and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Bank also sets internal credit approval limits for various levels in the credit process and is shown in the table below:

Authority level	Approval limit (Naira)
Full Board	Above 1,500,000,000
Board, Credit Committee	1,500,000,000
Management Credit Committee	1,000,000,000
Managing Director	100,000,000

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances demand. Some other specific control and mitigation measures are outlined below:

(a) Collateral Acceptability

The guiding principles behind collateral acceptability are adequacy and marketability. The Bank implements guidelines on the acceptability of specific classes of



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- i. Mortgages over residential properties;
- ii. Charges over business assets such as premises, inventory and accounts receivable;
- iii. Charges over financial instruments such as debt securities and equities.

Long-term finance and lending to corporate entities as well as individuals are generally secured. However, in order to minimize losses, the Bank will seek additional collateral from the counterparty when there are indicators of devaluation in existing collateral value.

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

(b) Master Netting Arrangements

Master netting arrangements are entered into to manage its exposure to credit losses, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default.

By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

<i>In thousands of Naira</i>	31 Dec 2023
Financial assets:	
Loans and advances	1,568,981
Financial liabilities:	
Collateralised deposits	2,200,900

These amounts are currently not presented net on the statement of financial position due to the performing status of the facilities; If the items were to be netted, the following net asset will be presented on the statement of financial position:

<i>In thousands of Naira</i>	31 Dec 2023
Net financial assets/ liabilities:	
Collateralised deposits	631,919

(c) Credit-related Commitments

The primary purpose of these instruments is to create other avenues for lending. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore, carry less risk than a direct loan.

(d) Credit Concentration

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

Breakdown of Exposures by Geographic Areas

31 December 2023		
S/N	Region	
<i>In thousands of Naira</i>		31 Dec 2023
1	Abuja	87,570
2	Lagos	2,978,187
3	South South	157,506,318
4	South West	20,578,493
	Grand Total	181,150,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

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

The Bank's maximum exposure to credit risk as at 31 December 2023 is represented by the net carrying amounts of the financial assets set out below:

Type of collateral or credit enhancement

31 December 2023	Fair value of collateral and credit enhancements held						
<i>In thousands of Naira</i>	Maximum exposure to credit risk	Cash	Secured against Real Estate	Debenture	Total collaterals	Net exposure	Associated ECLs
Financial assets							
Cash and balances with Central Bank of Nigeria	28,414,841	-	-	-	-	28,414,841	-
Due from banks	31,736,918	-	-	-	-	31,736,918	-
Loans and advances to customers							
- Term Loans	175,508,187	513,400	22,007,147	204,786,773	227,307,320	-	4,999,534
- Overdrafts	5,642,380	1,687,500	191,807	-	1,879,307	3,763,073	1,923
Debt instruments at amortised cost	5,497,248	-	-	-	-	5,497,248	2,539
Total financial assets at amortised cost	246,799,574	2,200,900	22,198,955	204,786,773	229,186,628	69,412,079	5,003,996
Pledged assets	872,765	-	-	-	-	872,765	668
Debt instruments at fair value through other comprehensive income	44,458,156	-	-	-	-	44,458,156	19,093
Total debt instruments at fair value through other comprehensive income	45,330,921	-	-	-	-	45,330,921	19,761
Financial guarantees	7,858,747	89,352	92,800	-	182,152	7,676,595	62,106
	299,989,241	2,290,252	22,291,755	204,786,773	229,368,779	122,419,595	5,085,863

Credit concentrations

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2023, is set out below:

31 December 2023	Cash and bank balances	Due from banks	Pledged assets	Loans and advances	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
<i>In thousands of Naira</i>									
Concentration by sector:									
Agriculture	-	-	-	5,182,387	-	-	-	-	5,182,387
Capital Market	-	-	-	-	-	-	-	-	-
Communication	-	-	-	5,086,993	-	-	60,000	-	5,146,993
Consumer	-	-	-	1,271,977	-	-	-	-	1,271,977
Education	-	-	-	183,556	-	-	200,000	-	383,556
Finance and Insurance	2,384,174	31,736,918	-	954,011	-	-	-	-	35,075,102
Government	26,030,667	-	872,765	10,494,690	5,494,709	44,458,156	-	-	87,350,987
Manufacturing	-	-	-	25,468,820	-	-	-	-	25,468,820
Oil & Gas	-	-	-	27,024,340	-	-	-	-	27,024,340
Others	-	-	-	48,309,794	-	-	40,000	-	48,349,794
Power	-	-	-	4,536,238	-	-	26,352	-	4,562,590
Real Estate & Construction	-	-	-	45,429,924	-	-	7,532,395	-	52,962,319
Transportation	-	-	-	2,206,380	-	-	-	-	2,206,380
	28,414,841	31,736,918	872,765	176,149,109	5,494,709	44,458,156	7,858,747	-	294,985,245
Concentration by location:									
Nigeria	28,414,841	31,736,918	872,765	176,149,109	5,494,709	44,458,156	7,858,747	-	294,985,245
America	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-
	28,414,841	31,736,918	872,765	176,149,109	5,494,709	44,458,156	7,858,747	-	294,985,245



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

Commitments and Guarantees

In line with industry practice, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness documentary credits commit the Bank to make payments to third parties on production of documents, which is usually reimbursed immediately by customers.

The table below summarise the fair value amount of contingent liabilities and commitments with off-financial position risk.

<i>In thousands of Naira</i>	31 Dec 2023
Bonds, guarantees and indemnities	7,858,747
	7,858,747

Maturity profile of contingents and commitments

As at 31 December 2023 <i>In thousands of Naira</i>	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Bonds, guarantees and indemnities	-	880,154	974,658	6,003,934	-	7,858,747
Total undiscounted financial assets (A)	-	880,154	974,658	6,003,934	-	7,858,747

Credit Quality of Financial Assets

The Standardized Approach has been used in assessing the Bank's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines. Credit assessments applied to items in the Bank's book and trading book are assigned in accordance with the regulatory guidelines.

31 December 2023

Assets

<i>In thousands of Naira</i>	Defaulted exposures	carrying values of: Non-defaulted exposures	Allowances/ impairments	Net values
Balances with Central Bank of Nigeria	-	28,414,841	-	28,414,841
Due from banks	-	31,736,918	-	31,736,918
Pledged assets	-	820,046	(668)	819,378
Loans and advances to customers	-	181,150,567	(5,001,458)	176,149,109
Debt securities	-	49,955,404	(21,631)	49,933,773
Off balance sheet exposures	-	7,858,747	(62,106)	7,796,641
Total	-	238,964,718	(5,085,195)	233,879,523

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

Credit Quality of Financial Assets *cont'd*

31 December 2023

Assets

<i>In thousands of Naira</i>	AAA to AA-	A+ to BBB-	BB+ to B	CCC to D	Total	Carrying Amount
Balances with Central Bank of Nigeria	-	-	28,414,841	-	28,414,841	28,414,841
Due from banks	-	-	31,736,918	-	31,736,918	31,736,918
Pledged assets	-	-	872,765	-	872,765	872,765
Loans and advances to customers	-	9,659,039	171,491,528	-	181,150,567	181,150,567
Investments securities - FVOCI	-	-	44,458,156	-	44,458,156	44,458,156
Investments securities - amortised cost	-	-	5,494,709	-	5,494,709	5,494,709
Other financial assets	-	955,906	-	-	955,906	955,906
Total	-	10,614,944	282,468,917	-	293,083,862	293,083,862

Credit Mitigation Techniques

The Bank ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the Bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Bank's credit policy guide. These include the following policy statements amongst others:

Loans to individuals and non-individuals are to be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Bank. Client's account balances must be within the scope of cover provided by its collateral.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank.

Collateral securities that are pledged must be in negotiable form and usually fall under the following categories:

- Real estate, plant and equipment collateral (usually all asset or mortgage debenture or charge), which have to be registered and enforceable under Nigerian law;

- Collateral consisting of inventory, accounts receivable, machinery equipment, patents, trademarks, farm products, general intangibles, etc. These require a security agreement (usually a floating debenture) which has to be registered and, must be enforceable under Nigerian law;
- Stocks and shares of publicly quoted companies;
- Domiciliation of contracts proceeds;
- Documents of title to goods such as shipping documents consigned to the order of PremiumTrust Bank;
- Letter of lien; and
- Cash collateral.

Collateral securities are usually valued and inspected prior to disbursement and on a regular basis thereafter until full repayment of the exposure. We conduct a regular review of all collateral documentation in respect of all credits in the Bank and specific gaps in the collateral documentation addressed immediately.

As part of its Credit risk management strategy, the bank emphasizes on the robustness of its credit analysis and diagnosis prior to disbursement of loans and advances to its customers. The bank closely monitors the performance of its loans and advances.

Once a loan shows sign of credit deterioration, the bank works closely with the customer to salvage the situation and ensure recoverability of its loans. Foreclosure of collateral is usually the last measure adopted by the bank in the realization of its funds.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

31 December 2023

<i>In thousands of Naira</i>	Exposure unsecured	Total Exposures	Exposures secured by collateral	Exposures secured financial by guarantees	Exposures secured by financial guarantees of which: secured
Assets					
Loans and advances to customers	116,998	181,150,567	170,344,907	10,688,662	-
Debt Securities	49,955,404	-	-	-	-
Total	50,072,402	181,150,567	170,344,907	10,688,662	-
of which defaulted	-	-	-	-	-

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Asset Classes	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
<i>In thousands of Naira</i>					
Sovereigns and their central banks	60,000,075	-	60,000,075	-	-
Non-central government public sector entities	10,413,684	-	10,413,684	-	10,413,684
Supervised institutions	17,098,564	-	-	-	-
Corporates	163,531,123	7,829,810	162,255,775	3,854,905	141,285,388
Regulatory retail portfolios	928,020	25,000	719,959	12,500	549,344
Secured by residential property	549,278	-	549,278	-	411,959
Secured by commercial real estate	698,615	-	698,615	-	698,615
Past due loans	1,557	-	1,557	-	2,335
Other assets	52,504,375	-	52,504,375	-	18,545,431
Total	305,725,290	7,854,810	287,143,317	3,867,405	171,906,756

Exposure by Asset Classes and Risk Weights

31 December 2023 <i>In thousands of Naira</i>							Total Credit Exposure Amount (Post CCF and Post CRM)
Risk weight	0%	20%	50%	75%	100%	150%	
Sovereigns	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	10,413,684	-	10,413,684
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	-	-	-	-	-	-
Corporates	-	-	-	-	141,285,388	-	141,285,388
Regulatory Retail Portfolios	-	-	-	549,344	-	-	549,344
Secured by Mortgages on Residential Properties	-	-	-	411,959	-	-	411,959
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	698,615	-	698,615
Past due loans	-	-	-	-	-	2,335	2,335
Higher -risk categories	-	-	-	-	-	-	-
Other assets	-	-	-	-	18,545,431	-	18,545,431
Total	-	-	-	961,302	170,943,119	2,335	171,906,756

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

Exposure by Asset Classes and Risk Weights

31 December 2023								Total
<i>In thousands of Naira</i>								Credit Exposure
Risk weight		0%	20%	50%	75%	100%	150%	Amount (Pre CCF and CRM)
Central Governments and Central Banks	60,000,075	-	-	-	-	-	-	60,000,075
State Govt and Local Authorities	10,413,684	-	-	-	-	-	-	10,413,684
Supervised institutions	-	-	4,112,200	-	12,986,364	-	-	17,098,564
Corporates	-	-	53,565,489	-	113,880,539	-	-	167,446,028
Regulatory retail portfolios	-	-	12,500	928,020	-	-	-	940,520
Secured by Mortgages on Residential Properties	-	-	-	549,278	-	-	-	549,278
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	698,615	-	-	698,615
Past due loans	-	-	-	-	-	-	1,557	1,557
Higher -risk categories	-	-	-	-	-	-	-	-
Other assets	33,958,943	-	-	-	-	-	18,545,431	52,504,375
Total	104,372,703	-	57,690,189	1,477,298	127,565,518	18,546,988	309,652,696	

Impairment assessment

The references below show where the Bank's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intra-day payments are not settled by the close of business as outlined in the individual agreements.

As a part of the qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default (debt service default or technical default) or past due event.

- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The Bank puts the credit obligation on non-accrued status.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when there is a significant reduction in the credit risk and none of the default criteria have been present for at least 90 consecutive days.

The following probationary period is applied in transferring financial asset back to a lower stage following a significant reduction in credit risk:

- When there is evidence of a significant reduction in credit risk for a financial instrument in stage 2, a



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 2.
- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit impaired financial asset) is no longer credit impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 180 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

The Bank's internal rating and Probability of Default (PD) estimation process

The Bank runs separate models for its key portfolios in which its customers are rated from AAA to D using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplementary external information that could affect the borrower's behaviour. These information sources are first used to determine the ratings within the Bank's risk management framework. The internal credit grades are assigned based on these assessments.

PDs is an estimate of the likelihood of default over a given time horizon which is based on the historical default data of the Bank which are then adjusted for IFRS 9 ECL calculations by incorporating forward looking information. This is further assessed based on three economic scenarios (Base, Upturn and Downturn) with appropriate probability weights assigned to derive the probability weighted ECLs.

Treasury, trading and interbank relationships

The Bank's treasury, trading and interbank relationships and counterparties comprise banks, broker-dealers and other financial services institutions. For these relationships, the Bank analyses available information such as

financial information and other external data to conduct credit assessments and assign internal ratings.

Corporate lending

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Bank. The credit risk assessment is based on a credit rating model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond.
- Any macro-economic or geopolitical information, e.g., GDP growth for the specific industry and geographical segments where the client operates. Industry or sector information to assess the competitive position of the obligors with regards to market share.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated within the Bank's models for retail products.

Retail/MSME lending

Retail lending comprises, asset finance, unsecured personal loans and overdrafts. These products and some of the less complex small business lending are rated by an internal scorecard. Key inputs into the models are:

- **Consumer/Retail lending products:** gross annual income/monthly income levels based on records of current accounts and employer, employment information, personal indebtedness, demographic information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

- **MSMEs:** Financial , management, nature of Business, Trade references and industry information. In addition, historical account performance is evaluated.

The Bank's internal credit rating grades

Risk Rating	Rating Bucket	Remarks
AAA	1	Excellent
AA+ TO AA-	2	Good Credit Risk Quality
A+ TO A-	3	Above Average Credit Risk Quality
BBB+ TO BBB-	4	Average Credit Risk Quality
BB+ TO BB-	5	Below Average Credit Risk Quality
B	6	High Credit Risk
C TO CCC	7	Very High Credit Risk
D - S	8	Substandard
D - D	9	Doubtful
D - L	10	Lost

Exposure at default

EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12months or over the remaining lifetime(LifetimeEAD).The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

EAD measures the utilised exposure at default. For on-balance sheet exposures, the gross value of the exposure is taken into account, and for off-balance sheet exposures a credit conversion factor (CCF) is used to estimate future utilisation.

Loss given default

This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of EAD.

LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime (LT) ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers both qualitative and quantitative factors in assessing whether credit risk has increased significantly on any exposure. Some of these factors include significant increase in PD since initial recognition, expectation of forbearance and restructuring due to financial difficulties.

Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.2 Summary of significant accounting policies and in Note 3.0 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Bank obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, BMI Research, Trading Economics etc.) and a team of expert within its Enterprise Risk Management Department verifies the accuracy of inputs to the Bank' ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2023.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

31 December 2023

Key drivers	ECL Scenario	Assigned probabilities	2024	2025	2026	2027	2028
GDP growth rate%	Upside	30%					
	Base Case	40%	3.06%	3.06%	3.08%	3.06%	3.08%
	Downside	30%					
Exchange rate	Upside	30%					
	Base Case	40%	81.35	77.75	79.30	80.90	82.50
	Downside	30%					
Inflation rate %	Upside	30%					
	Base Case	40%	15.80%	14.69%	14.46%	14.00%	14.00%
	Downside	30%					

(e) Liquidity risk

Liquidity risk and Funding Management: The Bank is exposed to two types of liquidity risk;

- 1 Trading Liquidity Risk is the risk the risk of financial loss arising from the difficulty or inability to close out on marketable assets due to the shallowness of the market, this type of liquidity risk is prevalent when financial assets cannot be liquidated at short notice due to adverse market conditions.
- 2 Funding Liquidity Risk is the risk of financial loss or insolvency arising from the inability to fund assets or meet maturing obligations as they fall due without incurring unacceptable costs or losses. Funding liquidity risk is managed primarily by holding a sufficient stock of unencumbered liquid assets and limiting mismatches in maturities between assets and liabilities. The Bank places a high premium on liquidity risk management to protect its reputation and fulfill the expectations of customers and other stakeholders.

The Asset & Liability Management Committee (ALCO) is responsible for the management of liquidity risk in the Bank. Functionally, the Treasury department manages the day-to-day liquidity requirements of the Bank while the Market Risk Management unit provides independent insight on Liquidity Risk to the Management and the Board. In addition, the Board Risk Committee has the delegated authority of the Board of Directors (BOD) to provide strategic oversight on funding and liquidity risk management.

In line with the Liquidity Risk Management policy of the Bank, the liquidity position is assessed and managed within the confines of extant banking regulations and in conformity with the Bank’s Risk Appetite. The Risk Appetite Statement of the Bank is subject to approval by the Board and includes provisions on liquidity risk limits which are closely monitored and reported. Detailed liquidity risk limits are included in an annual Market and Liquidity Risk limits package which is subject to approval by ALCO, reports on the Bank’s exposures with respect to these limits are presented at monthly ALCO meetings.

Presented below is the process used in managing liquidity:

Treasury oversees day-to-day funding by monitoring current and future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen, the liquidity management process includes:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheets liquidity ratios against internal and regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Liquidity Risk Measurement Techniques

Liquidity positions are measured by calculating the cumulative liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management policy.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents, placements and government securities for which there is an active and liquid market.

The following table reflects the Bank's regulatory liquidity ratio for the periods indicated.

	31 December 2023
At end of period	33.1%
Average for the period	32.3%
Maximum for the period	39.8%
Minimum for the period	30.0%

The Liquidity Ratio statistics shown above is for the period Q4 2023.

In addition to the above, the Bank also applies the following metrics in measuring liquidity risk and ensuring that day-to-day funding requirements are met.

1. Liquidity Coverage Ratio (LCR) - The LCR aims to ensure that the Bank has sufficient unencumbered high-quality liquid assets ('HQLA') to withstand a stressed 30-day funding scenario. HQLA consist of cash or assets that can easily be converted into cash at little or no loss of value to cover any net outflow. The minimum requirement is 100%.

On a Business-As-Usual (BAU) basis, the Bank's LCR as at 31 December 2023 was 130.3%. The LCR indicates that the Bank has adequate liquidity to support its current level of growth.

2. Liquidity Gap: The Bank uses liquidity gap analysis to aid the management of funding liquidity risk. A liquidity gap report is prepared by placing assets and liabilities into various time bands based on the timing of cash inflows and outflows derivable therefrom, the gaps are computed as the difference between cash inflows and cash outflows in each time band. Behavioral modeling in the form of non-maturity analysis is performed for assets and liabilities having indeterminate

maturity. The resulting cumulative gaps from the behavioral maturity profile are tracked against the approved negative cumulative funding gap limit on the Bank's Market & Liquidity Risk Limits Package.

3. Liquidity Ratios: The Bank uses liquidity ratios as indicators to measure the ability to meet liquidity needs under a business-as-usual or a stressed market scenario. These ratios describe the structure and shape of the balance sheet and allow the ALCO to monitor changes in structural liquidity. Specifically, liquidity ratios dimension the Bank's capacity to meet short-term obligations with liquid assets, quantify the level of concentration in funding sources, review the ability of the banking business to fund loans through customer deposits and provide a means of identifying early warning liquidity stress signals.

Detailed limits and targets for liquidity ratios are approved by ALCO with the prevailing values being presented at monthly ALCO meetings.

Please find below key liquidity risk metrics as at 31st December 2023.

	As at 31 December 2023
Liquidity Ratio	33.1%
Net Interbank Borrowing/ Total Deposit	0.0%
Loan/Deposit Ratio	69.4%
Wholesale Deposits/ Total LCY Deposits	0.0%
Current and Savings Account/Total Deposit	69.3%

4. Liquid Stress Testing: Stress testing is a risk management tool that simulates the impact of extreme but plausible adverse events on the performance and/or sustainability of the institution. The objective of liquidity stress testing is to ensure that the Bank manages financial assets and liabilities in a proactive manner which assures that obligations can be fulfilled under all types of conditions. Stress tests are conducted using approved scenarios and the results are presented to management to aid liquidity planning.

5. Liquidity Contingency Funding Plan: The Bank has an approved liquidity Contingency Funding Plan (CFP or the Plan) for managing unanticipated stressful scenarios that could result in a significant erosion of



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Bank-specific or general market liquidity. The Plan details the policies, procedures and actions for responding to contingent liquidity events as well as incorporates early warning indicators to monitor market conditions.

Such early warning indicators include, among others, a decline in the liquidity ratio below approved limits for a prescribed period, increases in the proportion of inter-bank and wholesale funding to total deposits, excesses over limits on concentration ratios and a persistent increase in NPL ratio.

The Contingency Funding plan covers the available sources of contingent funding to supplement cash flow shortages, the lead times to obtain such funding, the roles and responsibilities of those involved in the contingency plans and the communication and escalation

requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the Contingency Funding Plan.

Contractual Liquidity Gap

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

While there is a negative cumulative liquidity gap within one year, it does not reflect the actual liquidity position of the Bank as most of the term deposits from customers maturing within one year are historically being rolled over.

31 December 2023		Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
In thousands of Naira	Note							
Financial assets								
Cash and balances with Central Bank of Nigeria	19	28,414,841	28,427,106	2,992,469	-	-	-	25,434,638
Due from banks	20	31,736,918	31,757,938	22,262,987	9,494,950	-	-	-
Pledged assets	21	872,765	926,455	3,495	300,000	548,495	74,465	-
Loans and advances to customers	22	176,149,109	181,150,567	9,864,314	8,137,509	17,980,936	116,294,855	28,872,953
Investment securities:								
- Debt instruments at fair value through other comprehensive income	23	44,458,156	49,422,872	736,355	2,491,759	41,056,673	5,138,085	-
- Debt instruments at amortised cost		5,494,709	6,496,875	309,375	-	309,375	5,878,125	-
Other financial assets	24	955,906	955,906	955,906	-	-	-	-
		288,082,404	299,137,718	37,124,901	20,424,218	59,895,479	127,385,530	54,307,590
Financial liabilities								
Deposits from customers	27	260,922,480	260,978,167	254,436,857	3,852,555	2,621,999	66,756	-
Other borrowed funds	28	1,432,960	1,500,061	-	-	1,500,061	-	-
Other financial liabilities	29	7,960,584	9,680,810	7,081,310	-	-	988,194	1,611,306
		270,316,024	272,159,038	261,518,167	3,852,555	4,122,060	1,054,951	1,611,306
Gap (asset - liabilities)		17,766,379	26,978,680	(224,393,266)	16,571,663	55,773,419	126,330,579	52,696,285
Cumulative liquidity gap				(224,393,266)	(207,821,603)	(152,048,184)	(25,717,605)	26,978,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

Behavioral Liquidity Gap

The table below shows the undiscounted cash flows on the Bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity for maturing items and behavioral attributes of non-maturing items. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

31 December 2023								
<i>In thousands of Naira</i>	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial assets								
Cash and balances with Central Bank of Nigeria	19	28,414,841	28,427,106	2,992,469	-	-	-	25,434,638
Due from banks	20	31,736,918	31,757,959	31,757,959	-	-	-	-
Pledged assets	21	872,765	928,750	3,750	303,750	545,000	76,250	-
Loans and advances to customers	22	176,149,109	181,150,567	9,864,314	8,137,509	17,980,936	116,294,855	28,872,953
Investment securities:								
- Debt instruments at fair value through other comprehensive income	23	44,458,156	48,399,929	48,399,929	-	-	-	-
- Debt instruments at amortised cost		5,494,709	6,496,875	309,375	-	-	-	-
Other financial assets	24	955,906	955,906	955,906	-	-	-	-
		288,082,404	298,182,717	100,536,827	8,441,259	18,525,936	116,371,105	54,307,590
Financial liabilities								
Deposits from customers	28	260,922,480	260,978,168	89,944,133	15,328,792	33,225,297	61,273,351	61,206,595
Other borrowed funds	29	1,432,960	1,432,960	-	-	1,432,960	-	-
Other financial liabilities	30	7,960,584	9,680,810	7,081,310	-	-	988,194	1,611,306
		270,316,025	272,091,939	97,025,443	15,328,792	34,658,257	62,261,545	62,817,901
Gap (asset - liabilities)		17,766,380	26,090,778	3,511,383	(6,887,533)	(16,132,321)	54,109,559	(8,510,310)
Cumulative liquidity gap				3,511,383	(3,376,150)	(19,508,470)	34,601,089	26,090,778

(f) Market Risk

Market risk is the risk that earnings or capital would be adversely affected by changes in the level, correlation or volatility of market factors. These market factors include interest rates, foreign exchange rates, equity prices, and commodity prices. This risk arises mainly from trading activities as well as through non-traded risk in the banking book.

The Bank's objective is to control and manage market risk exposures within the acceptable risk appetite approved by the Board while optimizing returns. The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. Its strategy is to invest its

own capital on a limited and carefully selected basis in transactions and other business activities that involve market risk.

Central to the Bank's market risk management is the deployment of appropriate tools and methodologies tailored towards identifying, measuring, monitoring, controlling and reporting the Bank's exposure to each market risk factor.

Market Risk Management and Control Framework

The Bank has put in place a robust and clearly defined market risk management framework, which essentially provides the Board and Management with guidance on market risk management processes and procedures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

All teams involved in the management and control of market risk are required to fully comply with the policy statements to ensure the Bank is not exposed to market risk beyond the qualitative and quantitative risk tolerances.

A dedicated market risk team, independent of the trading and business units, is responsible for implementing the market risk control framework and assumes day-to-day responsibility for market risk management. A limits package is approved annually by ALCO on the basis of which the market risk team generates reports which are circulated to relevant stakeholders.

Within the context of governance at Executive Management level, the Assets and Liabilities Management Committee (ALCO) manages market and liquidity risks across the Bank and meets monthly to review, approve and make recommendations concerning the risk profile including limits, utilization and strategy.

Risk limits which are monitored regularly by the Market Risk team include unhedged open positions, factor sensitivity and Management Action Triggers (MATs) amongst others. The Head, Market Risk Management reports to the Chief Risk Officer (CRO) who bears responsibility for Enterprise Risk Management in the Bank.

Market Risk Measurement Techniques

The major measurement techniques used by the Bank to monitor and control Market Risk exposures are outlined below.

- 1 Factor Sensitivity:** Is a technique that quantifies the impact of a 1-basis point adverse movement in rates on the market value of a portfolio or an asset. The interest rate sensitivity of the fixed income portfolio is expressed in terms of the sensitivity to the impact of a 1 basis point (or 0.01%) upward shift in interest rates (the market factor). Factor sensitivity limits for the trading book and banking book are included in the Market & Liquidity Risk Limits Package which is renewed annually, exposures are tracked and reported regularly.
- 2 Loss Limit (Management Action Triggers):** The Management Action Trigger defines management's tolerance for accepting price risk related losses on a cumulative 21-day basis. Losses measured on a mark-to-market and realized basis that exceed the Management Action Trigger must be reported to the next level of management above the Risk-

Taking Unit. Thereafter, a stop loss limit is to be agreed with this next level of management, documented in writing and immediately applied to the position when triggered.

- 3 Value at Risk (VaR):** Is a technique that produces estimates of the potential fall in the market value of a portfolio over a specified time horizon at a given confidence level. In line with the Bank's policy, VaR assumes a time horizon of one trading day and a confidence level of 99% for internal risk management purposes bearing in mind current market realities, the Bank's level of exposure as well as the composition of its portfolio.

The Bank's trading VaR for the financial period is reflected in the table below.

2023 (N'000)	Interest Rate	Foreign Exchange
VaR as at 31 Dec 2023	-	210.4

- 2 Stress Testing:** Stress testing is a risk management tool that considers a number of extreme but plausible assumptions to simulate the impact of adverse events (scenarios) on a business or an institution. The Market Risk Management Unit conducts stress tests on the Bank's exposures and the results are presented to Management at the monthly ALCO meetings. Stress test scenarios are selected based on the following guidelines:

- Stress scenarios must entail extraordinary market movements.
- Historical events will be considered in the search for these scenarios
- The selection of scenarios will be consistent with the risk profile of the Bank

The results of the stress tests are reviewed by the ALCO who may respond by modifying the portfolio and taking other strategic steps. The stress test results may also be presented to the Board.

f (i) Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) arises from the adverse impact on earnings or capital due to changes in market interest rates. Changes in market interest rates affect earnings by impacting net interest income of the Bank. Changes in market interest rates also affect the underlying value of the Bank's assets, liabilities, and off-balance-sheet instruments because

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FOR THE PERIOD ENDED 31 DECEMBER 2023

the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. The Bank has adopted the Standardized Methodology for the assessment of IRRBB.

The Bank's objective for management of interest rate risk in the banking book is to ensure a higher degree of net interest rate margin stability and lower interest rate risk over each interest rate cycle. The Market Risk Management Unit is responsible for monitoring and reporting the Bank's exposure to IRRBB while ALCO plays a critical decision-making role.

Measurement of Interest Rate Risk in the Banking Book

The measures applied by the Bank in monitoring and controlling interest rate risk in the banking book comprise:

Net Interest Income (NII) Sensitivity - An integral part of the Bank's management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income while applying different rate scenarios (simulation modelling) where other macro-economic metrics are held constant. The Bank applies a combination of assumptions relevant to its peculiar businesses in forecasting one-year net interest income sensitivities across different interest rate scenarios.

Economic Value of Equity (EVE) - This methodology quantifies how much interest rate risk the bank is exposed to as a result of re-pricing and basis risks which are vulnerabilities created in the process of financial intermediation. The EVE methodology discounts to present day value, the potential loss to equity arising from the impact of adverse movement in the market yield curve. An EVE sensitivity is the extent to which the EVE value will change due to a pre-specified movement in interest rates, where all other economic variables are held constant.

The following tables provide information on the extent of the Bank's interest rate exposure. The assets and liabilities are grouped into brackets defined by their time to maturity or the date of the interest rate adjustment. The difference, or gap, between assets and liabilities in each time bracket makes the Bank sensitive to interest rate fluctuations. The amounts are based on interest rate maturities. However, saving and current accounts have a non-defined interest maturity. A quantitative assessment of the interest rate sensitivity of our saving accounts and current accounts has been executed. The outcome of this assessment is used in the calculations for interest rate risk.

The following tables provide information on the extent of the Bank's interest rate exposure. The assets and liabilities are grouped into brackets defined by their time to maturity or the date of the interest rate adjustment. The difference, or gap, between assets and liabilities in each time bracket makes the Bank sensitive to interest rate fluctuations.

RATE SENSITIVITY OF ASSETS AND LIABILITIES

<i>In thousands of Naira</i>	Notes	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Non-interest rate sensitive	Total
(a) 31 December 2023								
<i>Non-derivative assets:</i>								
Due from banks	20	26,610,862	-	-	-	-	5,531,837	31,736,918
Loans and advances to customers	22	176,122,276	-	-	-	-	-	176,149,109
<i>Investment securities:</i>								
- Debt instruments at fair value through other comprehensive income	23	492,120	2,730,646	37,651,197	3,584,194	-	-	44,458,156
- Debt instruments at amortised cost		-	-	-	5,494,709	-	-	5,494,709
		203,225,259	2,730,646	37,651,197	9,078,903	-	5,531,837	257,838,892
<i>Non-derivative liabilities:</i>								
Deposits from customers	27	80,145,398	3,852,555	2,621,999	66,756	-	174,291,459	260,922,480
Other borrowed funds	28	-	-	1,432,960	-	-	-	1,432,960
		80,145,398	3,852,555	4,054,960	66,756	-	174,291,459	262,355,440
Total interest sensitivity gap		123,079,861	(1,121,909)	33,596,237	9,012,146	-	(168,759,621)	(4,516,548)



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FOR THE PERIOD ENDED 31 DECEMBER 2023

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward 2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Less than 3 months	335	0.02	(0.02)	123,079,861	2,253,101	(2,253,101)
from 3 to 6 months	275	0.02	(0.02)	(1,121,909)	(16,859)	16,859
from 6 to 12 months	185	0.02	(0.02)	33,596,237	339,634	(339,634)
Total				155,554,188	2,575,876	(2,575,876)

f (ii) Foreign Currency Risk

Foreign exchange risk is the risk that fluctuations in the prevailing foreign exchange rates would adversely affect the value of the Bank's assets and liabilities as well as off-balance sheet items. Financial Instruments that are exposed to this risk include; foreign currency denominated loans and advances, securities and future cash flows in foreign currencies arising from foreign currency transactions. Exposures to foreign exchange risk are consistently monitored by limit structures for overnight and intraday positions.

The ALCO approves limits on the level of exposure by currency and in aggregate for both overnight and intra-

day positions, these are monitored daily since an effective overview of such risk is a critical element of the Bank's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and Management aims to ensure that the risk tolerance is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits.

The table below summarises the Bank's exposure to foreign exchange risk at 31 December 2023.

(a) Foreign Currency Concentrations risk as at 31 December 2023

<i>In thousands of Naira</i>	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balance with Central Bank of Nigeria	26,762,180	981,558	60,259	14,814	-	27,818,811
Un-restricted balance	596,030	-	-	-	-	596,030
Due from other banks	26,798,010	4,936,807	-	2,101	-	31,736,918
Pledged assets	872,765	-	-	-	-	872,765
Loans and advances to customer	176,149,109	-	-	-	-	176,149,109
Investment securities :						
- Debt instruments at fair value through other comprehensive income	44,458,156	-	-	-	-	44,458,156
Debt instruments at amortised cost	5,494,709	-	-	-	-	5,494,709
Other financial assets	1,550,057	304,251	-	-	-	1,854,308
Total financial assets (A)	282,681,016	6,222,616	60,259	16,915	-	288,980,806
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	256,703,701	4,141,809	60,577	16,392	-	260,922,480
Other borrowed funds	1,432,960	-	-	-	-	1,432,960
Other financial liabilities	6,065,828	1,894,728	28	-	-	7,960,584
Total financial liabilities (B)	264,202,489	6,036,537	60,605	16,392	-	270,316,024
Net financial assets/ (liabilities)	18,478,527	186,079	(346)	523	-	18,664,782

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FOR THE PERIOD ENDED 31 DECEMBER 2023

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar N'000	GBP N'000	Euro N'000	Total N'000
Net On Balance Sheet Position	186,079	(346)	523	186,256
Closing Exchange Rate (Naira/Currency)	952	1,212	1,054	
10% Currency Appreciation (-)	857	1,091	948	
10% Currency Depreciation (+)	1,047	1,333	1,159	
Effect of 10% appreciation on Profit	(18,608)	35	(52)	(18,626)
Effect of 10% depreciation on Profit	18,608	(35)	52	18,626

(g) Operational Risk Management

Operational risk in the Bank is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks.

Operational risk exists in all activities, processes, products and systems. The Bank aims to maintain operational risk within its risk appetite through a strategy anchored on the sustenance of a strong risk culture of individual and collective awareness and understanding of operational risk, accountability and transparency on operational risk issues at all levels, deployment of robust operational risk policies, processes and tools, and collaboration across all the business units and support functions in managing operational risk.

Operational Risk Governance Structure

Operational risk is managed in the Bank along three lines of defense. The first line consists of the business units who own and are directly responsible for managing the risk. They identify and report operational risks in their activities and communicate these risks to the second line of defense which includes the independent risk management and control functions. This line formulates the risk management policies, processes and tools, and provides support in enhancing and monitoring the effectiveness of controls in the business units and support functions, while the third line of defense, the Internal Audit department, provides independent assurance on the adequacy, appropriateness and effectiveness of the risk management policies and process on an ongoing basis.

The Bank maintains a dedicated Operational Risk Management (ORM) function which formulates the operational risk management strategy, policy and framework. The department, through the Chief Risk Officer, has a reporting line to the Executive Manage-

ment, Management Risk Committee and Board Risk Management Committee, depicting a robust governance structure. The Board approves the Bank's ORM policy and appetite. The Management Risk Committee reviews operational risk management reports quarterly and defines action plans to minimize material risks to acceptable levels. In addition, the ORM department collaborates with the Conduct and Compliance Division to ensure effective implementation of the ORM framework in the business units and support functions. It also works closely with the business units to manage operational risk based on the outcomes of the monitoring activities of the Conduct and Compliance Division. The ORM department is audited regularly by the Bank's internal and external auditors.

Operational Risk Management Framework

The Bank has a robust framework for managing operational risk. The framework defines the core governing principles and processes for the effective identification, assessment, mitigation, and monitoring of operational risks in line with regulatory requirements and international best practices. The key processes and tools in the ORM framework include the following:

1 Risk and Control Self-Assessment

The Bank's Risk and Control Self-Assessment (RCSA) program provides a structured approach for business owners to identify material risks in their business areas, assess the effectiveness of controls in mitigating the risks and implement actions to proactively address the identified vulnerabilities. RCSA helps senior management to assess the overall effectiveness of the control environment, improve risk decision making, and optimize controls to meet business objectives.

The RCSA is also a rich source of information for developing heat maps that highlight the Bank's areas of vulnerability, risk concentration and materiality.



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Risk assessments of new and existing products, processes and applications are also conducted to identify material operational risks and ensure adequacy and effectiveness of implemented mitigating controls.

2 Key risk indicators

The Bank uses Key Risk Indicators which provide early warning signals of changes in the risk profile to monitor and mitigate key threats to the achievement of strategic goals. Material breaches are reported monthly and quarterly to Management for timely remediation.

3 Operational Risk Event Data Collection

The Bank maintains a comprehensive internal loss database aligned with regulatory and Basel standards for collecting, analyzing and reporting operational risk events and losses. The data on the Bank's historical loss experience provides meaningful information for assessing the exposure to operational risk, developing risk scenarios, prioritizing risk decisions, and implementing controls to mitigate risks. Strict reporting requirements are in place to ensure that operational risk incidents are escalated to relevant stakeholders for timely decision making. Adequate risk transfer mechanisms including insurance and outsourcing are in place to minimize the impact of operational risk events on the Bank. The lessons learnt from operational risk events and losses are communicated across the Bank and used in improving the control environment.

4 Scenario Analysis

The Operational Risk Management department utilizes scenario analysis of the Bank's internal historical losses and material external risk events in modelling tail risk events, determining the potential impact on the organisation, and proactively developing action plans to mitigate the risks.

Business Continuity Management

The Bank is currently in the process of implementing ISO22301, the international Standard for Business Continuity Management System. This certification indicates that a comprehensive Business Continuity Plan and robust recovery processes and systems are in place to build resilience, safeguard the Bank's employees and assets, maintain strategic communications, minimize service disruption and losses, and ensure timely recovery and resumption of operations and technology infrastructure in the event of a disaster. The Bank's dedicated Business Continuity Manager coordinates the activities of the BCMS and ensures the development, implementation and testing of the BCP is in line with international standards and best practices.

The Operational Risk Management framework is supported by other departmental policies and procedures that guide the daily activities of the business units and functions and ensure adequate controls are implemented to mitigate risks. The policies and procedures are regularly reviewed and updated, and the processes redesigned or automated where required, to improve operational efficiency and the effectiveness of controls across the Bank.

Periodic reports on the identified operational risks are circulated to the relevant stakeholders for timely remediation of issues, enhancement of controls and to increase awareness of operational risk across the Bank.

Operational Risk Capital Charge

The Bank uses the Basic Indicator Approach for computing the capital charge for operational risk in line with regulatory requirements.

31 December 2023

Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
<i>In thousands of Naira</i>						
Basic Indicator Approach (BIA)						
Gross Income	15%	6,908,583	34,987,068		41,895,651	6,284,348
Number of years with positive annual gross income						2
Mean Average of Aggregate Capital						3,142,174
Calibrated Risk Weighted Amount (BIA)						39,277,173

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(h) Capital management

(a) Regulatory capital

The Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria. In implementing current capital requirements, the Central Bank of Nigeria requires the Bank to maintain a 10% minimum ratio for total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, retained earnings, and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as Fair value through other comprehensive income.

Various limits are applied to elements of the capital base. The qualifying Tier 2 capital is limited to 33.3% of Tier 1 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets.

The CBN in its circular BSD/DIR/GEN/LAB/07/021 effective 5 August 2014 informs banks on the exclusion of the following reserves in the computation of total qualifying capital:

- Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines,
- Collective impairment on loans and receivables and other financial assets,
- Other Comprehensive Income (OCI) Reserves will be recognized as part of Tier 2 capital subject to the limits set in paragraph 3.2 of the CBN Guidance, and Notes on the Calculation of Regulatory Capital

(b) Capital Adequacy Ratio

In accordance with Central Bank of Nigeria regulations, a minimum threshold of 10% is to be maintained when computing the ratio qualifying capital to risk weighted assets.

The capital adequacy computation for the period ended 31 December 2023 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by Central Bank of Nigeria, referenced BSD/DIR/GEN/BAS/08/031 and dated 24 June 2015. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

Premium Trust Bank, in line with the directives from the Central Bank of Nigeria (CBN), has adopted the following approaches for its Pillar 1 capital calculations:

- **Credit Risk** – Standardised Approach
- **Market Risk** – Standardised Approach
- **Operational Risk** – Basic indicator approach, which is 15% of the average gross income for the past 2 years.

<i>In thousands of Naira</i>	Notes	Bank 2023
Constituents of Capital		
Tier 1 capital		
Paid- up share capital	30	26,000,000
General reserve (Retained earnings)		6,533,836
Statutory reserve	30.1	2,800,215
Tier 1 Capital Before Regulatory Deduction		35,334,051
Regulatory Deduction		
Other intangible assets	26	4,459,963
Total Regulatory Deduction		4,459,963
Tier 1 Capital after Regulatory Deduction		30,874,088
Tier 2 capital: Instruments & Reserves		
Other comprehensive income		894,251
Eligible Tier 2 Capital		894,251
Total regulatory capital		31,768,339
Risk-weighted assets		211,370,529
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets		15.03%



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

8 Fair Value of Financial Instruments

The Bank's accounting policy on fair value measurements is discussed under note 2.2.18. The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than

active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value measurement hierarchy for assets & liabilities as at 31 December 2023:

<i>In thousands of Naira</i>	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Pledged assets - FVOCI	21.1	872,765	-	-	872,765
Debt instruments measured at FVOCI	23	40,791,669	3,666,487	-	44,458,156
Assets for which fair value are disclosed					
Due from banks	20	-	31,736,918	-	31,736,918
Loans and advances to customers	22	-	-	176,149,109	176,149,109
Debt instruments at amortised cost		5,494,709	-	-	5,494,709
Liabilities for which fair values are disclosed:					
Deposits from customers	27	-	-	260,922,480	260,922,480
Other borrowed funds	28	-	-	1,432,960	1,432,960

<i>In thousands of Naira</i>	Carrying amount 2023	Fair value amount 2023
Financial assets		
Cash and balances with Central Bank of Nigeria	28,414,841	28,414,841
Due from banks	31,736,918	31,736,918
Pledged assets	872,765	872,765
Loans and advances to customers	176,149,109	181,150,567
Investment in securities:		
- Debt instruments at fair value through other comprehensive income	44,458,156	44,458,156
- Debt instruments at amortised cost	5,494,709	5,203,886
Other financial assets	1,854,308	1,854,308
Total	288,980,806	293,691,441
Financial liabilities		
Deposits from customers	260,922,480	260,922,480
Other borrowed funds	1,432,960	1,432,960
Other financial liabilities	7,960,584	7,960,584
Total	270,316,024	270,316,024

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

The following methods and assumptions were used to estimate the fair values:

Assets for which fair value approximates carrying value

The management assessed that cash and balances with Central Bank of Nigeria, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For financial assets and financial liabilities that are without a specific maturity; it is assumed that the carrying amounts approximates their fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the quoted bonds and treasury bills are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of the remaining FVOCI financial assets are measured using quoted market prices in active markets which are adjusted for using the accrued interest to date.

The fair values of the Bank's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2023 was assessed to be insignificant.

For loans and advances, a discounted cash flow model is used based on various fair value of the loan portfolio by discounting the future cash flows on these loans using interest rates on loans and remaining days to maturity of each of the cash flows.

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits and debt issued are based on discounted cash flows using prevailing money-market interest rates for deposits and debts with similar credit risk and maturity.

<i>In thousands of Naira</i>	18 months ended 2023
9 Interest income calculated using the effective interest method	
Loans and advances to customers	22,339,930
Investment securities	2,852,744
Placements and short term funds	5,098,281
	30,290,955
There was no loan modification during the period, hence, no modification gain/loss was recognised.	
Interest from investment securities were derived from:	
Debt instruments at amortised cost	887,237
Debt instruments at fair value through other comprehensive income	1,965,507
	2,852,744
10 Interest expense using effective interest rate	
Deposits from customers	4,768,690
Deposits from banks	467,027
Interest on lease liability	222,011
	5,457,728



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FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	18 months ended 2023
11 Net fees and commission income	
Fee and commission income is disaggregated below and includes total fees in scope of IFRS 15, Revenues from Contracts with Customers:	
E-business commission and fees	204,376
Other fees and commissions (Note 11.1)	12,434,275
Account maintenance fees	1,066,444
Commissions and similar income	13,072
Credit related fees	2,960,302
Total revenue from contracts with customers	16,678,469
Other non-contract fee income:	
Commission on letter of credit and off-balance sheet transactions	49,446
Total fees and commission income	16,727,915
Total fees and commission expense	
E-business expenses	(272,766)
Net fees and commission income	16,455,149
11.1 Other fees and commission includes mostly advisory fees among others.	
Fees and commission income reported above excludes amounts included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.	
12 Trading income and foreign exchange differences	
Foreign currency revaluation gain	73,869
	73,869
<i>Foreign currency revaluation gain is largely arising from non-trading activities.</i>	
13 Other operating income	
Gains on disposal of property, plant and equipment	4,627
Gains on disposal of debt securities at FVOCI (note 13.2)	671,253
Other sundry income (note 13.1)	41,586
	717,467

13.1 Other sundry income includes cashless policy charges, among others.

13.2 Gains on disposal of debt securities comprise gains on disposal of treasury bills and bonds carried at fair value through other comprehensive income.

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FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	18 months ended 2023
14 Net impairment loss on financial assets	
The table below shows the ECL charges on financial instruments for the period ended 31 December 2023 recorded in profit or loss:	
14a Net impairment loss on financial assets (see note 14 b. below for breakdown)	
(i) Loans and advances impairment:	
Impairment charge on term loans	4,999,534
Impairment charge on overdraft	1,923
	5,001,458
(ii) Impairment charge on investment securities (notes 21.2.1 and 20b)	22,299
(iii) Impairment charge on Financial guarantees (note 31.3)	62,106
	84,405
	5,085,863

14b Net impairment loss on financial assets

The table below shows the ECL charges on financial instruments for the period ended 31 December 2023 recorded in profit or loss:

<i>In thousands of Naira</i>				18 months ended 2023
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	5,001,036	422	-	5,001,458
Debt instruments measured at FVOCI	19,761	-	-	19,761
Debt instruments measured at amortised cost	2,539	-	-	2,539
Financial guarantees	62,106	-	-	62,106
	5,085,441	422	-	5,085,863

<i>In thousands of Naira</i>	18 months ended 2023
15 Personnel expenses	
Wages and salaries	6,169,017
Defined contribution plan	191,107
	6,360,124



NOTES TO THE FINANCIAL STATEMENTS

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<i>In thousands of Naira</i>	18 months ended 2023
16.1 Other operating expenses	
Outsourcing services	180,689
Insurance	181,943
Banking Resolution Fund (see Note (a) below)	411,600
Professional fees (see Note (b) below)	732,919
Administrative expenses	426,505
Office expenses	2,985,034
Rents and rates	140,099
Repairs and maintenance	1,406,753
Advert, promotion and corporate gifts	5,383,530
Training and development	92,588
Bank charges	92,812
Security	74,596
Cash handling and cash processing expenses	72,067
Travel and hotel expenses	531,217
Printing and stationery	100,703
Auditors' remuneration	48,375
Donations	203,745
Membership and subscription	64,555
Directors' emoluments	204,800
Legal expenses	27,901
	13,362,429

16.1 Other operating expenses

- (a) Banking Resolution Funds represents accrual for Banking Resolution Fund levy in accordance with provision of sections 74 and 77 of the Banks and Other Financial Institutes Act 2020.
- (b) Professional fees include legal charges, share listing and fees for non audit services.

The Bank paid the external auditors' professional fees for the provision of non audit services. The total amount of non-audit services provided by the external auditors during the year was N5 million. These non-audit services were for assessment of risk management practice and review of the Bank's corporate governance.

These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors.

<i>In thousands of Naira</i>	18 months ended 2023
16.2 Depreciation and amortisation	
Depreciation of property and equipment (see note 25.1)	1,657,753
Depreciation of right-of-use asset amortisation (see note 25.2)	502,305
Amortisation of intangible assets (see note 26)	962,560
	3,122,618

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	18 months ended 2023
17 Income tax	
(a) Current income tax expense:	
Income tax	2,574,864
Education tax (note 17d)	524,327
	3,099,190
Information Technology levy (note 17e)	141,209
Nigeria Police Trust Fund levy (note 17f)	706
National Agency for Science and Engineering Infrastructure levy (note 17g)	35,302
	3,276,407
Deferred tax expense	1,538,220
Total income tax expense	4,814,627
(b) Current income tax payable	
The movement on this account during the period was as follows:	
Balance, beginning of the period	-
Charge for the period (see (17a) above)	3,276,407
Payments during the period	(350,465)
Balance, end of the period	2,925,942

<i>In thousands of Naira</i>	18 months ended 2023	
(c) Reconciliation of total tax charge		
	%	
Profit before income tax expense	100%	14,148,678
Income payable @ statutory tax rate of 30%	30%	2,574,864
Tax effect of:		
Non-deductible expenses	12%	1,726,936
Tax- exempt Income	-1%	(188,716)
Education tax	4%	524,327
Nigeria Police Trust Fund	0%	706
National Agency for Science and Engineering Infrastructure Act Levy	0%	35,302
Information Technology Levy (NITDA)	1%	141,209
Effective tax rate/ Income tax expense	34%	4,814,627

- (d) The basis of the Education Tax is currently 3% of assessable profit which is N17.48 billion. An Education Tax of 3% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country.
- (e) The National Information Technology Agency Act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to the National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

- (f) Section 4 of the Nigeria Police Trust Fund (Establishment) Act 2019 stipulates that companies operating in Nigeria shall contribute 0.005% of their profit before tax to the Nigeria Police Trust Fund. The Act establishing the Fund will be in force for 6 years from the year of establishment. In line with the Act, the Bank has provided for Police Trust Fund levy at the specified rate.
- (g) National Agency for Science and Engineering Infrastructure Act (Cap N3 LFN 2004) stipulates that commercial companies and firms with income or turnover of N100million and above are required to contribute 0.25% of their profit before tax (the Levy), into the Fund. However, all contributions made to the fund shall be deductible against Companies Income Tax (CIT).
- (i) **Deferred tax assets and liabilities**

31 December 2023	Balance at 1 July 2022	Recognised in profit or loss	Balance at 31 December 2023
<i>In thousands of Naira</i>			
Property, plant and equipment and software	-	1,864,980	1,864,980
Provisions	-	(326,760)	(326,760)
	-	1,538,220	1,538,220

18 Earnings per share (basic and diluted)

Basic earnings per share is calculated by dividing the net attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	2023 Unit ('thousands)
a Issued ordinary shares as at 31 December	26,000,000
Weighted average number of ordinary shares	26,000,000
b Profit for the period attributable to equity holders of the Bank (in thousand Naira)	9,334,051
Basic earnings per share (in kobo)	35.9k
Diluted earnings per share (in kobo)	35.9k

In thousands of Naira **31 Dec 2023**

19 Cash and balances with Central Bank of Nigeria

Cash and foreign monies	2,384,174
Operating account with Central Bank of Nigeria	596,030
Mandatory reserve deposits with Central Bank of Nigeria	25,434,638
	28,414,841

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	31 Dec 2023
20 Due from banks	
Balances held with banks outside Nigeria	1,005,413
Placements with banks	26,634,088
Balances held with local banks	4,097,417
	31,736,918
Current	31,736,918
Non-current	-
	31,736,918

Included in balances with banks outside Nigeria is the Naira equivalent of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities (see Note 30).

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

<i>In thousands of Naira</i>	31 Dec 2023
21 Pledged assets	
21.1 Debt instruments at Fair value through other comprehensive income (FVOCI)	
Treasury bills FVOCI (see note (a) below)	820,046
Government bonds FVOCI (see note (b) below)	52,719
Total debt instruments measured at FVOCI	872,765
Total pledged assets	872,765

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

- Pledged for clearing activities.
- Pledged for Interswitch electronic card transactions.

21.2 Pledged assets measured at FVOCI

21.2.1 Impairment losses on pledged assets subject to impairment assessment

The table below shows the fair value of the Bank's pledged assets instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and period-end stage classification. Details of the Bank's internal grading system are explained in Note 6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

<i>In thousands of Naira</i>	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
Internal rating grade				
BB+ to B	872,765	-	-	872,765
Total	872,765	-	-	872,765



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

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

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 July 2022				
New assets originated or purchased	872,765	-	-	872,765
Assets derecognised or matured (excluding write-offs)	-	-	-	-
At 31 December 2023	872,765	-	-	872,765

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2022	-	-	-	-
New assets originated or purchased	668	-	-	668
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2023	668	-	-	668

<i>In thousands of Naira</i>	31 Dec 2023
Term loan	175,508,182
Overdraft	5,642,385
Less:	181,150,567
Impairment charge on Term Loans	(4,999,534)
Impairment charge on Overdrafts	(1,923)
	176,149,109

22 Loans and advances to customers

22.1 Loans and advances - term loan

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

<i>In thousands of Naira</i>	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA to AA-	-	-	-	-
A+ to BBB-	9,565,763	-	-	9,565,763
BB+ to B	165,455,253	487,170	-	165,942,424
CCC to C	-	-	-	-
D	-	-	-	-
Total	175,021,017	487,170	-	175,508,187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

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

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 July 2022	-	-	-	-
New assets originated or purchased	175,021,017	487,170	-	175,508,187
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2023	175,021,017	487,170	-	175,508,187

31 December 2023				
<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2022	-	-	-	-
New assets originated or purchased	4,999,113	422	-	4,999,534
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2023	4,999,113	422	-	4,999,534

22.2 Loans and advances - overdraft

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA to AA-	-	-	-	-
A+ to BBB-	93,275	-	-	93,275
BB+ to B	5,549,019	86	-	5,549,105
Total	5,642,295	86	-	5,642,380

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

31 December 2023				
<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 July 2022	-	-	-	-
New assets originated or purchased	5,642,295	86	-	5,642,380
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2023	5,642,295	86	-	5,642,380

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2022	-	-	-	-
New assets originated or purchased	1,923	-	-	1,923
Assets derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2023	1,923	-	-	1,923



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

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

<i>In thousands of Naira</i>	31 Dec 2023
22.3 Classification of loans and advances by rating	
Rating	
AAA to AA-	-
A+ to BBB-	9,659,039
BB+ to B	171,491,528
	181,150,567
22.4 Classification of loans and advances by security	
Cash	1,568,981
Real estate	16,170,459
Debentures	133,135,847
Other securities	30,158,282
Unsecured	116,998
	181,150,567
Other securities includes domiciliation of proceeds, personal guarantees, negative pledge, etc.	
22.5 Classification of loans and advances by sector	
Agriculture	5,337,638
Communication	5,253,588
Consumer	1,325,054
Education	183,556
Finance and insurance	956,739
Government	10,688,259
Manufacturing	26,244,171
Oil and gas	27,917,192
Others	49,745,766
Power	4,696,345
Real estate & construction	46,533,308
Transportation	2,268,949
	181,150,567
23 Investment in securities:	
<i>Debt instruments at fair value through other comprehensive income</i>	
Treasury bills	40,818,333
Government bonds	3,639,823
Total debt instruments measured at FVOCI	44,458,156
<i>(a) Debt instruments at amortised cost</i>	
Government bonds	5,497,248
	5,497,248
Less: Allowance for Impairment losses	(2,539)
Total debt instruments measured at amortised cost	5,494,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

(c) Debt instruments measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and period-end stage classification. Details of the Bank's internal grading system are explained in Note 6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

<i>In thousands of Naira</i>	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA to AA-	-	-	-	-
A+ to BBB-	-	-	-	-
BB+ to B	44,458,156	-	-	44,458,156
Total	44,458,156	-	-	44,458,156

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

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 July 2022	-	-	-	-
New assets originated or purchased	44,458,156	-	-	44,458,156
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Change in fair value	-	-	-	-
At 31 December 2023	44,458,156	-	-	44,458,156

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

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2022	-	-	-	-
New assets purchased	19,093	-	-	19,093
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2023	19,093	-	-	19,093

(f) Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

<i>In thousands of Naira</i>	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA to AA-	-	-	-	-
A+ to BBB-	-	-	-	-
BB+ to B	5,497,248	-	-	5,497,248
Total	5,497,248	-	-	5,497,248



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 July 2022	-	-	-	-
New assets originated or purchased	5,497,248	-	-	5,497,248
Assets derecognised or matured (excluding write-offs)	-	-	-	-
At 31 December 2023	5,497,248	-	-	5,497,248

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2022	-	-	-	-
New assets purchased	2,539	-	-	2,539
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2023	2,539	-	-	2,539

<i>In thousands of Naira</i>	31 Dec 2023
24 Other assets	
Financial assets	
Cash related assets (see note (i))	19,271
E-settlement receivables	936,635
	955,906
Non-financial assets	
Prepayments (see note (ii))	464,367
Prepaid staff cost	357,297
Stock (see note (iii) below)	76,739
Gross other assets	1,854,308
	1,854,308
Current	1,497,012
Non-current	357,297
	1,854,308

- i. Cash related assets comprises of cash advance with employees.
- ii. Prepayment relates to payments made by the Bank on items whose benefits covers specific future period of time beyond the reporting period. These assets are short tenured and are quickly settled. These include insurance and subscriptions.
- iii. This comprises of stock of ATM cards, stock cheque books and stationeries. These items are short tenured and quickly settled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

25.1 Property and equipment

The movement during the period was as follows:

31 December 2023

<i>In thousands of Naira</i>	Freehold land	Freehold Building	Leasehold Improve-ment	Furniture & fittings	Machinery Equipment	Motor vehicles	Computer equipment	Capital Work in progress	Total
(a) Cost									
As at 1 July 2022	-	-	-	-	-	-	-	-	-
Additions	3,053,500	351,375	1,387,437	674,451	1,466,972	2,674,441	1,995,395	2,298,139	13,901,711
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(27,450)	-	-	(27,450)
As at 31 December 2023	3,053,500	351,375	1,387,437	674,451	1,466,972	2,646,991	1,995,395	2,298,139	13,874,261
(b) Accumulated depreciation and impairment									
As at 1 July 2022	-	-	-	-	-	-	-	-	-
Charge for the period	-	8,784	220,123	175,136	266,526	441,799	545,384	-	1,657,753
Disposals	-	-	-	-	-	(7,777)	-	-	(7,777)
As at 31 December 2023	-	8,784	220,123	175,136	266,526	434,021	545,384	-	1,649,976
Carrying amount									
As at 31 December 2023	3,053,500	342,591	1,167,314	499,315	1,200,447	2,212,970	1,450,011	2,298,139	12,224,285

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period.
- There was no impairment loss on all classes of property and equipment during the period
- No item of property, plant and equipment was pledged as security.
- There were no contractual commitments for the acquisition of property and equipment
- Work in progress relates to capital cost incurred in setting up new branches. When completed and available for use, they are transferred to their respective property, plant and equipment classes and depreciation commences
- All property and equipment are non-current.

<i>In thousands of Naira</i>	31 Dec 2023
25.2 Right-of-use asset	
Building	
Balance, beginning of the period	-
Additions during the period	5,907,844
Depreciation charge	(502,305)
Balance, end of the period	5,405,539



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	31 Dec 2023
26 Intangible assets	
(a) Cost	
Balance, beginning of the period	-
Additions	5,422,523
Balance, end of the period	5,422,523
(b) Accumulated amortisation and impairment	
Balance, beginning of the period	-
Amortisation for the period	(962,560)
Balance, end of the period	(962,560)
Carrying amount	
Balance as at 31 December	4,459,963
27 Deposits from customers	
Current accounts	167,220,534
Savings accounts	13,670,370
Term deposits	69,736,189
Pledged deposits	10,295,387
	260,922,480
Current	258,233,724
Non-current	2,688,756
	260,922,480
Pledged deposits represent contracted cash deposits with the Bank that are held as security for loans granted to customers by the Bank.	
28 Other borrowed funds	
Due to Counterparties	1,432,960
	1,432,960
Movement on other borrowed funds:	
Beginning of year	-
Additions during the period	7,696,325
Repayments during the period	(6,268,640)
Accrued interest	97,834
Interest paid	(92,558)
	1,432,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

28 (i) Due to Counterparties

This represents REPO transactions

<i>In thousands of Naira</i>	31 Dec 2023
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29 Other liabilities

Financial liabilities

Certified cheques	158,449
Creditors and accruals	2,164,178
Customers' deposits for foreign trade	3,578,938
Other credit balances (see note (29.1))	1,179,745
Lease liability (30.3)	879,274
Total Other Liabilities	7,960,584

- 29.1** Other credit balances includes mostly upfront fees on financial contract such as advance management fees etc. The upfront fees are amortised using the maturity date of the contracts.

<i>In thousands of Naira</i>	31 Dec 2023
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29.3 Lease liability

As at beginning of the period	-
Additions	657,263
Interest on lease liability	222,011
Payments	-
As at end of the period	879,274

Interest on lease liability is included in interest expense using effective interest rate (note 10).

Maturity analysis of lease liability

<i>In thousands of Naira</i>	Less than 3 months	3-12 months	1 - 5 years	Total
	-	-	879,274	879,274

<i>In thousands of Naira</i>	31 Dec 2023
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29.4 Provisions

Provision for guarantees	62,106
	62,106

Movement in Provision

At 1 July 2022	-
Additions	62,106
At 31 December	62,106



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	31 Dec 2023
30 Share capital and equity reserves	
<i>Share capital</i>	
Issued and fully-paid:	
26 billion Ordinary shares of N1 each	26,000,000

(i) Ordinary shareholding:

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

Proposed dividend

In respect of 2023, the Directors proposed that a dividend of 15 kobo per share will be paid to shareholders. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in this financial statements until approved and declared by the shareholders

30.1 Other components of equity

a. Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. Amount transferred to statutory reserve for the year ended 31 December 2023 was (30% of N9.33billion).

31 Commitments and Contingencies

a. Litigations and claims

The Company in its ordinary course of business was not involved in any lawsuit as at period end.

The Directors of the Company are not aware of any pending or threatened claims or litigations which may be material to the financial statements. There were no other contingent liabilities in respect to litigation and claims requiring disclosure in these financial statements.

b. Contingent liabilities and commitments

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

Nature of instruments:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

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

<i>In thousands of Naira</i>	31 Dec 2023
Bonds and guarantees	7,858,747
	7,858,747

Above balances represent contingent liabilities for which the customers have not defaulted. As stated in note 2.2.11, any portion that is due for which the Bank has become liable are recognised in Other Liabilities (Note 29).

Impairment losses on guarantees and other commitments

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

(i) Financial guarantees

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

<i>In thousands of Naira</i>	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
AAA to AA-	-	-	-	-
A+ to BBB-	5,257,207	-	-	5,257,207
BB+ to B	2,601,540	-	-	2,601,540
CCC to C	-	-	-	-
D	-	-	-	-
Total	7,858,747	-	-	7,858,747

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

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 July 2022	-	-	-	-
New exposures	7,858,747	-	-	7,858,747
Exposure derecognised or matured/lapsed (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	7,858,747	-	-	7,858,747

<i>In thousands of Naira</i>	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 July 2023	-	-	-	-
New exposures	62,106	-	-	62,106
Exposure derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2023	62,106	-	-	62,106



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

32 Related party transactions

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

<i>In thousands of Naira</i>	31 Dec 2023
(i) Transactions with the related parties	
Loans and advances	
Secured loans and advances (see 33b)	253,053

(ii) Transactions with key management personnel

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

<i>In thousands of Naira</i>	31 Dec 2023
Secured loans and advances	253,053
Deposit liabilities (related parties and key management personnel)	96,217

(iii) Compensation of key management personnel:

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

<i>In thousands of Naira</i>	31 Dec 2023
Short-term benefits (wages and salaries)	443,512
Post-employment benefits (pension contributions)	12,470
	455,982

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

<i>In thousands of Naira</i>	31 Dec 2023
Directors' remuneration	
Fees as directors	157,925
Other emoluments	46,875
	204,800

(v) Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are secured. For the period ended 31 December 2023, the related parties facilities are performing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

32b Insider Related Credits

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

The Bank granted various credit facilities meeting the definition of insider related credits at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N253million relating to the Directors and some employees were outstanding on these facilities at the end of the period/year.

31 December 2023

Name of Borrowers	Relationship to Reporting Institution	Name of the Related Interest	Date Granted	Expiry Date	Facility Limit (N'000)	Out-standing Credit (N'000)	Status	Perfected Security/ Nature	Facility Type
Emmanuel Efe Emefienim	Managing Director	Emmanuel Efe Emefienim	26-Oct-22	26-Oct-32	319,000	191,903	Performing	N/A	Loan
Shina Atilola	Executive Director	Shina Atilola	13-Jul-22	23-Jul-32	59,367	36,157	Performing	N/A	Loan
Olubukunola Awosanya	Executive Director	Olubukunola Awosanya	07-Oct-22	23-Oct-26	40,052	24,993	Performing	N/A	Loan
Total					418,419	253,053			

Letter of credit and bond guarantees.

31 December 2023

Name of Borrowers	Relationship to Reporting Institution	Name of the Related Interest	Date Granted	Expiry Date	Facility Limit (N'million)	Out-standing Credit (N'million)	Status	Perfected Security/ Nature	Facility Type
Dasag Engineering & Services Ltd	Non-Executive Director	Godwin Abhulimen	29-Jul-22	16-May-26	3	3	Performing	Cash	Guarantee
Total - Contingent (Letters of credit and bond guarantees)					3	3			



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

33 Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December 2023 and profit or loss and other comprehensive income on that date which have not been adequately adjusted for or disclosed.

<i>In thousands of Naira</i>	31 Dec 2023
34 Cash and cash equivalents	
Cash and foreign monies (Note 19)	2,384,174
Unrestricted balances with Central Bank of Nigeria (Note 19)	596,030
Balances held with local banks (Note 20)	1,005,413
Money market placements (Note 20)	26,634,088
Balances held with banks outside Nigeria (Note 20)	4,097,417
	34,717,122

35 Compliance with banking regulations

There were no fines, penalties and contravention with certain Central Bank of Nigeria's guidelines and circulars during the period.

36 Non-Audit Services

During the period, the Bank's auditor, Deloitte & Touche, provided the following permissible non-audit services to the Bank:

	18 months ended 2023
Description of the service	
Assessment of risk management practice and review of the Bank's corporate governance	5,000
	5,000

In the Bank's opinion, the provision of these services did not impair the independence and objectivity of the external auditor as adequate safeguard was put in place.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

FOR THE PERIOD ENDED 31 DECEMBER 2023

<i>In thousands of Naira</i>	2023	%
Gross earnings	47,810,206	
Interest expense	(5,457,728)	
	42,352,478	
Net impairment loss on financial instruments	(5,085,863)	
Bought-in-materials and services -local	(13,635,195)	
Value added	23,631,420	100
<i>Applied to pay:</i>		
Employee as wages, salaries and pensions	6,360,124	27
Income taxes	4,814,627	20
Retained in business:		
Depreciation and amortisation	3,122,618	13
Profit for the year	9,334,051	39
	23,631,420	100

Value added is the wealth created by the efforts of the Bank and its employees. This statement shows the allocation of that wealth among the employees, shareholders, government and amount re-invested for creation of further wealth.

OTHER INFORMATION

A directory of PremiumTrust Bank's
Branch locations, Correspondent
banks and Senior Management.



5

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the 1st Annual General Meeting of Premium Trust Bank Limited will be held at Plot 1612 Adeola Hopewell Street, Victoria Island, Lagos at 11:00 a.m. on Friday, August 30, 2024, to transact the following business:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the 18-month period ended 31st December 2023, the Reports of the Directors, and Auditors and Audit Committee thereon.
2. To declare a dividend
3. To re-elect retiring Directors.
4. To ratify the appointment of Messrs. Deloitte & Touche as the auditors of the Company.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To ratify the appointment of the members of the Board Audit Committee
7. To disclose the remuneration of Managers of the Company in accordance with sections 238 and 257 of the Companies and Allied Matters Act 2020.

PROXY

A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report. To be valid, a completed and duly stamped proxy form must be deposited with the Company Secretary at the head office of the Bank at Plot 1612 Adeola Hopewell Street, Victoria Island, Lagos, not later than 48 hours before the time scheduled for the Meeting.

Dated the 9th day of August 2024

By Order of the Board



CHUKWUEMEKA NWAOGU ESQ.
Company Secretary
FRC/2022/PRO/CIIN/002/764830
Plot 1612, Adeola Hopewell Street,
Victoria Island, Lagos.





PROXY FORM

1st Annual General Meeting to be held in the Company's Board Room at Plot 1612 Adeola Hopewell Street, Victoria Island, Lagos on August 30, 2024 at 11:00 Am.

I/We,

a shareholder of Premium Trust Bank Limited hereby appoint MR/MRS/DR/SIR/MS

(PLEASE USE BLOCK CAPITALS)

as my/our proxy to act and vote for me/us and on my/our behalf at the 1st Annual General Meeting of the Company to be held on August 30, 2024 or at any adjournment thereof.

Dated this day of August 2024.

IF YOU ARE UNABLE TO ATTEND TO THE MEETING

A Member/Shareholder who is unable to attend an Annual General Meeting is allowed by law to vote. The above proxy form has been prepared to enable you exercise your right to vote in the event that you cannot personally attend the meeting.

Please sign this proxy form and forward it, in order to reach the office of the Company Secretary, Premium Trust Bank, Plot 1612 Adeola Hopewell Street, Victoria Island, Lagos not later than 48 hours before the time scheduled for the meeting. If executed by a corporation, the Proxy Form should duly be executed by the appointor.

It is a requirement of the law under the Stamp Duties Act Cap 411 Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties.

.....
Signature of Person Attending

RESOLUTIONS	FOR	AGAINST	ABSTAIN
• To receive the Audited Financial Statements for the 18-month period ended 31st December 2023, the Reports of the Directors, and Auditors and Audit Committee thereon.			
• To declare a dividend			
• To re-elect all the Directors of the Company			
• To ratify the appointment of Deloitte & Touche as auditors of the Company			
• To authorize the Directors to fix the remuneration of the Auditors.			
• To ratify the appointment of the members of the Audit Committee.			
• To disclose the remuneration of Managers of the Company in accordance with sections 238 and 257 of the Companies and Allied Matters Act 2020.			

www.premiumtrustbank.com

SENIOR MANAGEMENT

S/N	Employee Name	Role
1	Ademola Adeyemi	Chief Business Officer, Lagos & South-West Directorate
2	Cyril Osheku	Chief Operating Officer
3	Aniebiet Offiong	Chief Business Officer, South-South Directorate
4	Uloma Chukueke	Chief Business Officer, Abuja
5	Tiwa Ademoyega	Treasurer
6	Olanike Martins	Chief People Officer
7	Ayodele Shoyemi	Chief Financial Officer
8	Kingsley Oriere	Chief Risk Officer
9	Chukwudumebi Vivian Okwor	Chief Audit Executive
10	Cosmas Uwaezuoke	Chief Compliance Officer



BRANCH NETWORK

S/N	BRANCHES	STATE	ADDRESS
LAGOS			
1.	Head Office	Lagos	Plot 1612, Adeola Hopewell, Victoria Island, Lagos
2.	Ikeja	Lagos	64, Allen Avenue, Ikeja
3.	Apongbon	Lagos	16, Apongbon Street Lagos Island
FCT ABUJA			
4.	Abuja 1	Abuja	40b Gana Street, Maitama, Abuja
5.	National Assembly	Abuja	Room 019, (ground Floor) New building, House of Representatives, National Assembly, Abuja
SOUTH-SOUTH			
6.	Port-Harcourt	Rivers	473B Trans-Amadi Industrial Layout, Port-Harcourt
7.	Yenagoa	Bayelsa	Sanni Abacha Way, beside Ijaw House, Yenagoa
8.	Asaba	Delta	Maryam Babangida Way, Opp, secretariat, Beside Central Bank of Nigeria, Asaba
9.	Warri	Delta	158 Airport Road, Effurun, Warri
SOUTH-WEST			
10.	Ado-Ekiti	Ekiti	Plot 7b along Adeyinka Adebayo Secretariat Iyin Rd, Ado-Ekiti
11.	Redemption City	Ogun	P. Ojo Road, near old auditorium, Redemption City
12.	Akure	Ondo	No 6 Bishop Fagun Ado-owo Road Alagbaka, Akure
13.	Ibadan	Oyo	Nw5/135 (opposite Eleganza Shopping Complex/ beside Value Paint) along, Dubge-Adamasingba Road, Ibadan, Oyo State
14.	Ilorin Branch	Kwara	Plot 45, Umaru Audi Road, GRA, Ilorin, Kwara State
NORTH			
15.	Kano Branch	Kano	No. 3 Bank Road, Kano

LIST OF CORRESPONDENT BANKS

S/N	BANK
1	Access Bank UK
2	UBA New York
3	First City Monument Bank UK
4	African Export-Import Bank

Quick, seamless and
always premium



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PremiumTrust Bank Limited

Corporate HQ
Plot 1612, Adeola Hopewell Street,
Victoria Island, Lagos.

www.premiumtrustbank.com