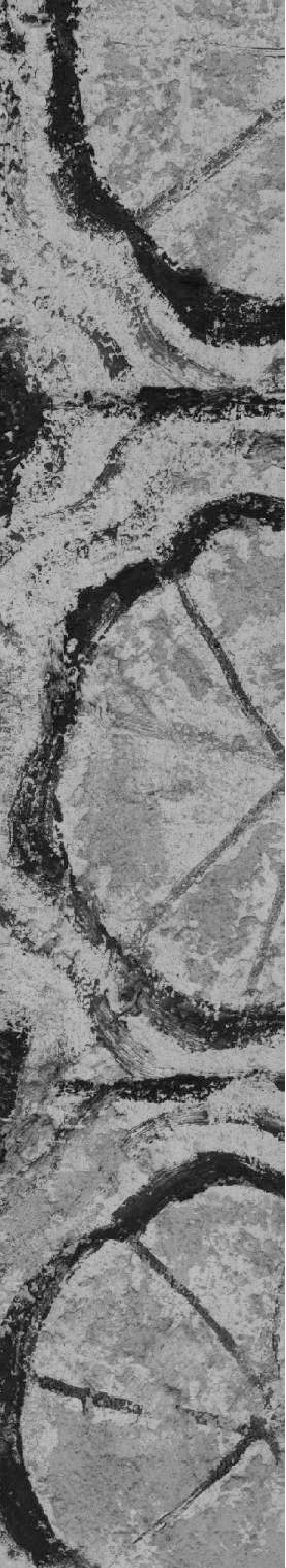
CORONATION

FORGING AHEAD
A TESTAMENT TO RESILIENCE
2024 ANNUAL REPORTS AND ACCOUNTS

CORONATION MERCHANT BANK LTD
www.coronationmb.com

WELCOME TO OUR WORLD

A world where your goals take center stage. We are not just your Bankers; we are your partners securing your future through innovative financial solutions and unwavering dedication.



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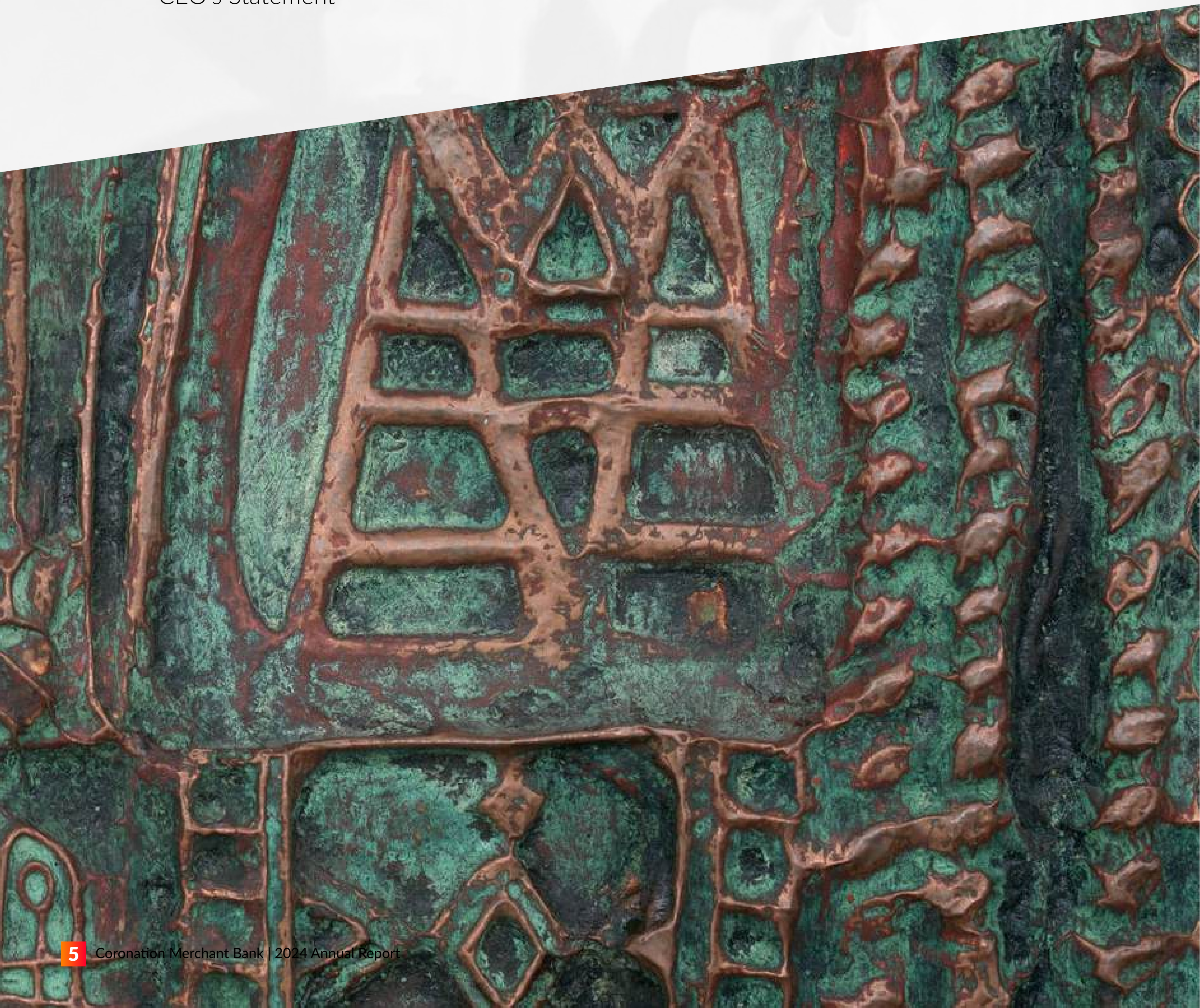
OVERVIEW



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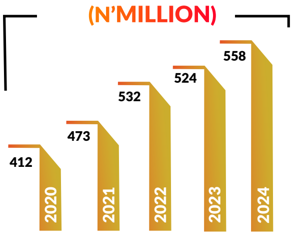
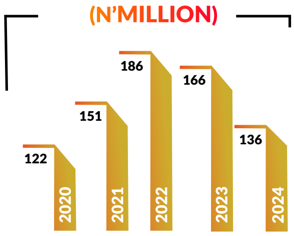


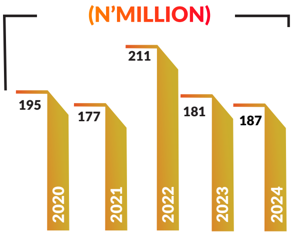
Total **Assets**

7%



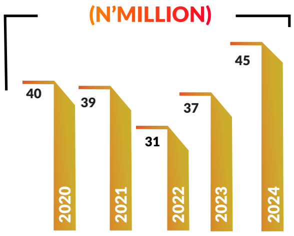
Total **Risk Assets**

-18%



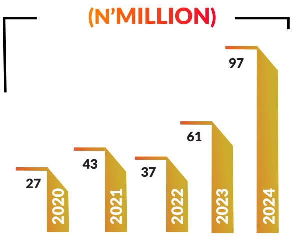
Due to **Customers**

3%



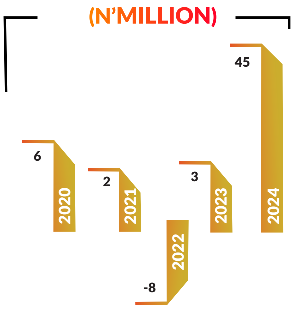
Shareholders **Funds**

23%



Gross **Earnings**

58%



Profit **Before Tax**

285%

	2020 ₦' Million	2021 ₦' Million	2022 ₦'Million	2023 ₦' Million	2024 ₦' Million	Growth Rate 2022 vs 2023
Total Asset	412,191	473,966	532,616	524,463	558,644	7%
Total Risk Asset	122,682	151,223	186,106	166,231	136,566	-18%
Due to Customers	195,161	177,359	211,727	181,694	187,415	3%
Shareholders Fund	40,111	39,801	31,987	37,334	45,849	23%
Gross Earnings	27,358	43,951	37,922	61,580	97,115	58%
Profit Before Tax	5,784	2,796	(8,282)	3,477	13,402	285%

OUR LOCATIONS

LAGOS OFFICE
Coronation House
10, Amodu Ojikutu Street
Victoria Island, Lagos.
T: 02012797640

ABUJA OFFICE
Coronation House
178 Aminu Kano Crescent,
Wuse II, Abuja.
T: 02012797640

PORT HARCOURT OFFICE
77, Woji Road, GRA, Phase II
Port Harcourt, River State, Nigeria
T: 02012797640

OVERVIEW
CORONATION MERCHANT BANK

Our business philosophy is rooted in integrity, transparency, and high ethical standards, anchored by three key elements, which are: customers, sustainability, and talent.

Over the next five years, we aim to rank in the top 3 across specific product areas by leveraging our technology, operational excellence, and innovation to deliver a superior customer service.

Coronation Merchant Bank is a fast-paced, result-driven, and innovative organisation, setting standards of excellence in the Nigerian merchant banking sector.

Our strategy is built on our competitive advantage: deep local expertise paired with best-in-class financial solutions.

The Bank was founded to bridge the gap in a historically underserved market segment, addressing the demand for long-term capital across key economic sectors. It provides Corporate and Investment Banking, Private Banking and Affluent Banking, and Global Markets and Treasury services to a diverse clientele.

Guided by its vision to become the most respected Nigerian merchant bank in Africa, with an asset base exceeding N558bn, the bank leverages its experienced team to secure a leading industry position, setting the standard for risk management, corporate governance, and responsible business practices.

In the next 5 years, we aim to rank in the top 3 across specific product areas by leveraging the strength of our strategic alliances, both international and local, and our technology to deliver high quality service across Nigeria and West Africa. Our bespoke service offerings are driven by seamless end-to-end synergies within the Bank. Coronation Merchant Bank has two branches located in Abuja and Port-Harcourt with its Head Office in Lagos, Nigeria.

CHAIRMAN's STATEMENT

Babatunde Folawiyo

Chairman,
Coronation Merchant Bank

It is my great honour to welcome you to the 10th Annual General Meeting of Coronation Merchant Bank Limited. This gathering is more than a statutory engagement; it is a moment of reflection on our purpose, vision and renewed ambition. It represents our collective resilience and shared conviction in the transformative journey we are undertaking, for sustenance of excellence in the Nigeria's financial landscape

Distinguished Shareholders, Esteemed Board Members, Respected Guests, Ladies and Gentlemen.

It is my great honour to welcome you to the 10th Annual General Meeting ("AGM")of Coronation Merchant Bank Limited ("Coronation MB"), which marks a decade of impactful service, financial innovation and sustainable growth. Ten years ago, we began this journey with a clear vision of being Africa's premier investment bank, leading the transformation of the continent's merchant banking space for growth and development. Today, Coronation MB has grown into a respected and resilient institution in the Nigerian financial ecosystem, building a solid base for regional ambition.

This AGM is therefore more than a statutory engagement. It is a moment of reflection on our purpose, vision and renewed ambition and represents our shared conviction in the transformative journey ahead for the sustenance of excellence in Nigeria's financial landscape, and expanding our product offerings to the regional market.

The year 2024 tested the strength of institutions across several industries. Yet, in the face of macroeconomic tides, everchanging regulatory dynamics, and rapidly evolving client expectations, we stood firm, not only weathering challenges, but evolving through them. We embraced change as a catalyst, not a constraint, expanding our sector coverage, deepening strategic partnerships, diversifying our product offerings, and fortifying our risk and compliance frameworks with discipline and foresight.

Our transformation has not been accidental, it is the outcome of deliberate, future-focused decisions. From bold capital-raising efforts to advanced digital investments, we have taken proactive steps to elevate our capabilities, accelerate innovation, and strengthen our market position. We have leaned into collaboration with emerging financial actors to accelerate digital innovation for creating seamless, intuitive, and impactful financial solutions.

At the heart of our mission remains an unwavering commitment to our clients. Their trust is our most valuable asset, and their evolving needs continue to shape how we build, adapt, and serve. Every product we deliver, every service we enhance, and every partnership we forge is guided by the goal of delivering exceptional and future-ready banking experiences. That is our basic standard for innovating and competing, which provide us the platform to lead with clarity, courage, and conviction.

This AGM is also a reaffirmation of our purpose to remain a leading financial services provider in the continent. It is a call to continue our strive towards evolving, and delivering value with integrity and excellence. As we look ahead, we do so with resolve, propelled by the lessons of the past, anchored in trust, and inspired by the possibilities ahead.

Distinguished colleagues, partners, and stakeholders — welcome once again to the 10th Annual General Meeting of Coronation Merchant Bank. We are ready for the future, and we thank you for walking this journey with us.

Macroeconomic Overview

In 2024, the global economy showed mixed growth patterns, with global GDP growth forecasted at 3.2% by the International Monetary Fund (IMF), slightly higher than the 3.1% growth rate observed in 2023. More developed economies continued to face slower growth, projected at 1.8% for the year, primarily due to high inflationary pressures and tighter financial conditions. On the other hand, emerging economies, particularly in Asia, showed a more resilient recovery, with China's economy expected to grow at 5%, spurred by industrial output and exports. However, consumption in China remained weak, with its growth rate still lagging at pre-COVID levels. Inflation moderated globally, with expectations that it would fall from an average of 6.7% in 2023 to 5.8% in 2024, driven by lower commodity prices, normalization of supply chains disrupted by

Our transformation has not been accidental — it is the outcome of deliberate, future- focused decisions.

COVID and efforts by Central Banks to target inflation through higher interest rates. The success of these efforts was more evident in more developed economies as inflation rates moved closer to Central Banks' targets

Central Banks around the world continued to adjust interest rates to manage inflation. The U.S. Federal Reserve made another 25bps cut in December 2024, marking the third consecutive reduction in 2024, which brought the Fed funds rate to 4.25% from 4.5%. The European Central Bank (ECB) cut its key interest rates for the fourth time in 2024 by 25bps in December 2024 as well, taking their deposit lending facility rate to 3.0%. The People's Bank of China responded to weak domestic consumption and deflationary concerns by lowering the Loan Prime Rate (LPR) twice by a total of 40bps to 3.10%, while the 5-year LPR was cut by 25bps to 3.60%.

Geopolitical tensions remained high in 2024, especially in the Middle East and Eastern Europe. The Russia-Ukraine conflict persisted, with continued impact on global energy markets and supply chains. Meanwhile, tensions between Israel and Hamas and the ongoing Houthi attacks on shipping in the Red Sea region added to the global economic uncertainties. However, despite these tensions, their impact on the global macroeconomic environment was less severe compared to the significant shock caused by the Russia-Ukraine war in 2022. The U.S. banking sector also faced ongoing challenges, with a number of bank failures amongst smaller and mid-size banks in early 2024 prompting swift regulatory responses to prevent contagion and stabilize financial markets.

The global oil market in 2024 witnessed relatively stable prices, with Brent crude averaging around USD82 per barrel, while WTI and Bonny Light averaged USD 78.5 and USD 84 per barrel, respectively. Oil price fluctuations were influenced by geopolitical instability in the Middle East, continued worries about Chinese demand and continued OPEC+ production cuts supplemented by voluntary cuts by Saudi Arabia and Russia. The price of Russian oil remained steady despite sanctions, with its discount, relative to Brent oil, shrinking over time.

Climate action also remained a focal point in 2024, with COP29 marking a significant milestone in global efforts to combat climate change. A major outcome of the conference was the conclusion of the first-ever Global Stock Take (GST), which reviewed progress made toward implementing the 2015 Paris Agreement. Rapid decarbonization was emphasized, and 130 countries, including Nigeria, committed to tripling the world's installed renewable energy capacity to 11,000 GW by 2030 and doubling the global average annual rate of energy efficiency improvements to over 4% annually. Additionally, the operationalization of the Loss and Damage Fund was a key achievement for countries like Nigeria, with over USD726 million secured to assist countries most affected by climate change. However, the contributions to the fund still represented only a small fraction of the total requirement, highlighting the need for greater collaboration in financing efforts to address climate change challenges.

Domestic Macroeconomic Overview

Nigeria's macroeconomic performance was influenced mainly by factors such as FX liquidity constraints, inflationary pressures (worsened by the total removal of the fuel subsidy) and high interest rates. Persistent structural issues in the economy including rampant insecurity in many food producing states compounded the issues, especially food inflation. The latest growth figures show that Nigeria posted a GDP growth of 3.46% y/y in Q3 2024, lower than 2.54% y/y recorded in Q3 2022.

Inflation accelerated significantly, averaging 33.20%, in 2024 from 24.52% in 2023 which exerted further strain on consumer purchasing power. Headline inflation concluded the year at 34.80% y/y, marking a significant increase of 588 basis points compared to the 28.92% y/y recorded in the corresponding period of 2023. This surge can predominantly be attributed to several factors such as increase in food prices caused by insecurity and flood issues in several states in the breadbasket regions of Nigeria. Furthermore, the total removal of subsidies led to increased costs of fuel with the knock-on effects in transportation costs which also helped fuel the increased inflation numbers. Government was forced to increase spending in reaction to these increased pressures on local consumers through palliatives and wage increases which had an additional effect on inflation. Like many of our clients, our bank suffered the effects of this spiraling inflation and in response, we have been forced to take a number of measures to address some of its effects on our businesses.

CBN, in response to the persistent inflationary pressure in 2024, adopted an explicit inflation-targeting framework. The monetary policy rate (MPR) increased by 875bps compared to the cumulative 225bps hikes witnessed in 2023, rising from 18.75% to 27.50%. Notably, CBN also adjusted the asymmetric corridor to +500/-100 basis points from the previous range of +100/-300 basis points, the Cash Reserve Ratio of deposit money Banks was adjusted to 50% from 40%, and 16% for merchant banks from 14%, while the liquidity ratio was held unchanged at 30%. These actions reflected the Central Bank's renewed commitment to maintaining stability and equilibrium in the financial markets amidst evolving economic conditions.

In 2024, the Federal Government of Nigeria (FGN) proposed a N35.06trn budget (including the N6.2trn supplementary budget), titled "Budget of Renewed Hope". This figure was 41.26% higher than the 2023 FGN budget of N24.82trn. The budget set an ambitious revenue target of N25.87trn and data from the Budget Office of the Federation revealed that the FGN's retained revenue from January to August 2024 reached N12.74trn, underperforming the prorated target of N13.07trn by 2.5%. The fiscal deficit stood at -N4.24trn, contrasting with the prorated target of -N10.30trn. The FGN relied on increased domestic borrowing to finance the fiscal deficit, which contributed to the upward movement in market rates. The average yield for FGN bonds increased by 562 basis points, closing at 19.75% in December 2024 compared to 14.13% in 2023. The average yield for Nigerian Treasury Bills (NTBs) surged by 1,926 basis points, closing at 6.9% by December 2024. In November 2024, the FGN successfully re-entered the non-concessionary international debt market, raising US$2.2bn in Eurobonds to help finance the 2024 budget deficit. The strong oversubscription recorded suggests that there is demand for Nigerian government debt at the right pricing in the international markets.

The NGX All-Share Index delivered a return of 37.65% in 2024, down from 45.90% in 2023, which marks its fifth consecutive year of gains (2020: 50.07%; 2021: 6.07%; 2022:19.98% 2023: 45.90) with a five-year compound annual growth rate (CAGR) of 30.85%, which outperforms the returns on T-bills and FGN bonds over the same period. The Nigerian equities market displayed remarkable resilience in 2024 despite the continuing challenging macroeconomic headwinds which had a significant impact on the finances of companies, both listed and unlisted.

The foreign exchange (FX) market went through some notable reforms as the CBN sought to enhance transparency, boost efficiency, and create a more market-driven exchange rate for improved liquidity. The CBN resumed its retail Dutch Auction System (rDAS) by selling dollars to authorized dealers, with the aim of increasing the dollar supply to the local market which was being outstripped by demand. Additionally, the CBN introduced the Electronic Foreign Exchange Matching System (EFEMS) for FX trading by banks which is designed to streamline interBank FX trading, reduce counterparty risks, improve market transparency and ensure adherence to market regulations.

The CBN granted temporary access to trading at the official market to authorized BDCs under its reform programme of the BDC market. This brought some stability to the market towards the end of 2024. Total depreciation of the Naira to the US Dollar settled at 41.03% y/y, 8.09% lower than the total depreciation in 2023.

The parallel market rate performed better based on data from our internal research, falling 27.11% y/y vs 39.17% in 2023. Gross foreign exchange reserves as reported by the CBN gained 24.20% y/y to US$40.88bn as at the end of 2024.

2024 was a challenging year given the continued macro-economic headwinds which dictated a robust response on the monetary side leading to higher interest rate environment. However, there have been some green shoots in the form of stability and slowing down of deterioration, which augurs well for 2025. This, combined with the start of a much-needed coordinated fiscal response from the Government in 2024, suggests the possibility of the much needed improvements in 2025.

Performance Review

Despite the challenging macroeconomic environment in 2024, the Bank delivered strong results and continued to build momentum. Net Operating income rose to ₦ 31.7 billion, a 150% year-on-year increase, while Profit Before Tax (PBT) grew to ₦ 13.4 billion, from 3.5 billion reflecting improved operational efficiency and strategic execution.

Our prudential ratios remained robust, with a Liquidity Ratio of 53.7%, Loan-to-Deposit Ratio (LDR) at 54.1%, and Capital Adequacy Ratio (CAR) at 13.0%, all above regulatory thresholds. We are particularly proud to have maintained a 0% Non-Performing Loan (NPL) ratio for the ninth consecutive year, underscoring our disciplined credit risk management and strong loan quality.

In 2024, we remained steadfast in our commitment to long-term value creation, by continuing to prioritize low-cost, innovative funding structures, enabling us to remain agile in our liquidity management while remaining fully compliant with regulatory expectations. In addition, we advanced our digital transformation strategy investing in cloud-based infrastructure, data analytics, and self-service platforms to improve agility, efficiency, and customer experience. We prioritised building strategic partnerships to enhance our service delivery and product innovation. Our approach reflects a broader institutional philosophy: future readiness must be matched with operational discipline.

Sustainability remained at the heart of our strategy as we expanded initiatives to reduce our carbon footprint and support climate resilience programs. These efforts are central to how we define value in the modern financial landscape and how we deliver on our responsibility to communities, clients, and future generations.

We extend our deepest appreciation to our shareholders, clients, and partners for their continued trust and belief in our vision. As we look ahead, we do so with renewed confidence, rooted in a clear strategy, a resilient business model, and an unwavering dedication to excellence.

Board Developments

In line with the Central Bank of Nigeria's Corporate Governance Guidelines, 2023, which increased the minimum number of Independent Non-Executive Directors ("INEDs") from two to three, the Board appointed Mrs. Adetola Owolabi as an INED in October 2024. In accordance with Section 5.7 of the CBN's Revised Fit & Proper Persons Regime (2015), she has no direct affiliations with the Bank, its officers, shareholders, subsidiaries, or affiliates, ensuring her independence. Her appointment was approved by the CBN.

As part of the Bank's ongoing leadership transformation agenda and in line with their respective employment contracts, the Managing Director/CEO, Mr. Banjo Adegbohungbe, and the Executive Director/COO, Mrs. Funke Feyisitan-Ladimeji, indicated their intention to exit the Bank in April 2024 and effectively exited in October 2024.

Following the receipt of Mr. Adegbohungbe's resignation notice in April 2024, the Board appointed Mr. Paul Abiagam, who was at that time, the

Deputy Managing Director of the Bank, Managing Director/CEO in May 2025. However, in granting its No Objection to the appointment on July 16, 2024, the CBN advised that Mr. Abiagam should function as Managing Director/CEO in acting capacity for one year. Considering that the period will elapse on July 15, 2025, and in recognition of his impressive performance, the Board has initiated steps to regularize Mr. Abiagam's appointment as the substantive Managing Director/CEO of the Bank.

The depth of experience, expertise, and diverse perspectives of these appointments will further strengthen the Bank's ability to drive sustainable growth and long-term value creation for all stakeholders. As the Bank continues its transformation journey, the Board remains committed to upholding the highest standards of corporate governance, transparency and strategic leadership,

As we look ahead, we will continue to align our strategy with the shifting macroeconomic realities, leveraging data-driven insights and strengthening partnerships. Our priority remains the delivery of consistent value to our stakeholders, fostering client trust, maintaining operational excellence, and delivering impressive performance amid the subsisting economic uncertainties.

Thank you for your continued confidence in Coronation Merchant Bank Ltd.

Babatunde Folawiyo
Chairman, Coronation Merchant Bank Limited
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CEO's STATEMENT

Paul **Abiagam**

Ag. Managing Director/CEO

Dear Shareholders, I am pleased to present our 2024 Annual Report. In a year defined by sweeping geoeconomic shifts, businesses and communities everywhere were called to adapt with resilience and foresight.

For us at Coronation Merchant Bank, it was a year that showcased the strength of our people, the distinct value we bring to our clients, and the unwavering clarity of our long-term ambition. While the world around us continues to evolve, we remain firmly grounded in our strategy and guided by the values that define us: emerging stronger, more resilient, and even better positioned to support our clients and contribute meaningfully to the communities we serve.

A World in Transition

The global economy in 2024 unfolded against a backdrop of great complexity. Growth was uneven across regions as economies grappled with the lingering effects of inflation, shifting monetary policies, geopolitical tensions, and accelerated climate-related disruptions. Developed markets faced tightening financial conditions, while emerging markets navigated heightened volatility, currency pressures, and challenging external environments.

However, Africa stood at a crossroads. While some regions faced political instability, others saw strong efforts towards economic reforms and diversification. Key sectors like agriculture, manufacturing, and technology continue to show resilience, even as inflationary pressures and fiscal challenges persist. Amid these developments, regional trade agreements and integration efforts have begun to yield tangible benefits, setting the stage for stronger intra-African trade and collaboration.
cess is a testament to the integrity, dedication, and commitment .

Our Operating Environment: Embracing Reforms, Managing Impact

For Nigeria, 2024 was a truly transformative year as the government's reform agenda gained momentum, reshaping the financial and economic landscape. Bold policy actions, from the removal of fuel subsidies to foreign exchange liberalization and fiscal tightening, were aimed at laying a stronger foundation for long-term, sustainable growth. While these reforms signaled a turning point, they also brought about significant adjustments. Households contended with elevated living costs as petrol prices rose sharply and currency devaluation pressured purchasing power. Businesses, too, faced margin compression, evolving regulatory demands, and the imperative to rethink operational resilience.

For the financial services sector, these reforms demanded more than tactical adjustments; they required a strategic realignment. The Central Bank of Nigeria's renewed push for a well-capitalized banking sector towards delivering a $1 trillion economy, the deepening of financial markets through innovations like the BMATCH platform for FX transactions, and revised guidelines for Bureau De Change (BDC) operations were just a few of the forces at play.

Throughout, our focus at Coronation Merchant Bank was clear: stand by our clients, anticipate their needs, and serve as a trusted partner through complexity. We leaned into our advisory strengths, leveraged our balance sheet prudently, and stayed true to our founding promise: service excellence powered by innovative solutions.

Delivering Greater Value While Making Strategic Progress

Despite facing significant headwinds, 2024 proved to be a landmark year for Coronation Merchant Bank. Our commitment to executing a disciplined strategy amidst challenging market conditions resulted in robust financial performance and marked progress on our long-term growth agenda.

In the face of broader liquidity tightening across the economy, our customer deposits remained stable, growing modestly to ₦187.4 billion. This steady performance reflects the strength of our relationships with clients and our resilience in adapting to market challenges. Loans and advances were managed prudently, with a slight decline to ₦136.6 billion, reflecting our cautious approach in a volatile credit environment.

We also made significant strides in delivering on our growth agenda, underpinned by a disciplined execution of strategy and a relentless focus on strengthening our business fundamentals. As a result, total revenue, increased by an impressive 57.6% to ₦97.1 billion from ₦ 61.6 billion recorded in 2023. This growth was primarily driven by a 74% rise in interest income, rising from ₦40.4 billion in 2023 to ₦70.1 billion in 2024, which underscores the effectiveness of our asset allocation strategy and our ability to deepen client relationships. One of the standout achievements of the year was our turnaround in trading income, which shifted from a -₦2.1 billion loss in the previous year to a positive figure of ₦20.2 billion in 2024. This performance demonstrated our improved execution and the renewed confidence of our clients in the bank's capabilities. Total expenses rose by 99%, from ₦9.2 billion in 2023 to ₦18.3 billion in 2024. This increase was primarily due to higher personnel costs following the recruitment of strategic management hires and other critical staff, alongside adjustments to salaries and benefits in line with market realities. We also recorded higher investments in technology and absorbed rising regulatory costs. Inflationary pressures throughout the year further contributed to the overall cost increase.

Despite this, our profitability grew impressively. Profit Before Tax (PBT) surged by 283%, from ₦3.5 billion in 2023 to ₦13.4 billion in 2024. Profit After Tax (PAT) also grew by 373%, reaching ₦12.3 billion from ₦2.6 billion in the previous year. We also exceeded key internal growth targets, closing the year with a Return on Average Equity (ROAE) of 26.7%, a clear indication of improved operational efficiency and effective capital deployment.

Across all our business segments, we saw strong year-on-year growth in core performance metrics. This was driven by focused customer engagement, the rollout of new products and services, and strategic market expansion, all of which contributed to increased transaction volumes and overall profitability. These results reflect the strength of our business model and the deliberate choices we have made to diversify our investment banking capabilities and deepen our corporate banking franchise. Importantly, we repositioned for long-term value by realigning our strategic business units into standalone groups: Public Sector, Financial Institutions, and Affluent Banking, allowing for sharper execution and more tailored service delivery. In investment banking, we expanded sector coverage and played a lead role in major capital-raising exercises across the industry. We were privileged to support four out of five Tier 1 bank capital raises, as well as two Tier 2 capital raise efforts, further strengthening our relevance and credibility as a trusted partner for growth.
Beyond the numbers, 2024 was a year of strategic impact and industry recognition. In recognition of our work and the strength of our brand, we received several prestigious awards, including Best Investment Bank from both World Finance and Brandcomms Awards, and four distinctions from FMDQ: Most Diverse Issuer, Registration Member, Most Active Securities Lodgment Sponsor, and Largest Issuing House. We were also recognized for our digital presence, earning the Best Social Media Award from the Digital Jurist Awards.

Living Our Values: Aligning People and Principles

At Coronation Merchant Bank, we have long understood that strategies and systems, while essential, are not what build truly enduring institutions; it is people and culture that lay the foundation for lasting success. Our people are the architects of our ambition and the stewards of our future. Their resilience, expertise, and unwavering commitment form the bedrock upon which we continue to thrive.

In 2024, we placed renewed emphasis on nurturing a workplace environment where trust, innovation, and leadership are not just aspirations but everyday realities. We undertook a series of deliberate initiatives designed to strengthen the employee experience, enhancing welfare through competitive compensation reviews, expanding access to world-class learning and development programs, and creating more pathways for growth within the organization. We also deepened our commitment to diversity, equity, and inclusion, knowing that a culture where every voice is valued is essential to innovation and long-term success. In an increasingly complex and interconnected world, we recognize that embracing different perspectives makes us stronger, more agile, and more attuned to the needs of the clients and communities we serve.

At the core of our culture are shared values that have stood the test of time: a discipline in execution that ensures we approach every task with rigor and precision; a passion for excellence that pushes us to set higher standards and exceed expectations; a courage to innovate that empowers us to challenge convention and lead from the front; and a profound respect for relationships that underpins everything we do, from how we collaborate with colleagues to how we build trust with clients and partners. These values are not merely statements on paper. They inform every decision we make, every interaction we have, and every strategy we pursue. They are reflected in the way we structure our teams, develop our leaders, and deliver value to those who place their trust in us.

We also intensified our focus on leadership development, recognizing that a high-performance culture requires leaders at every level, not just by title, but in spirit and action. Across the Bank, we empowered individuals to act as culture carriers: leaders who inspire trust, drive impact, and set the tone for excellence and integrity. Today, we stand stronger because of these deliberate efforts. Our people are more engaged, our teams are more cohesive, and our leadership is more aligned than ever before.

As we chart our path forward, we know that our culture will be our ultimate competitive advantage. It will be the force that sustains our momentum, fuels our innovation, and propels us toward our ambition of becoming Africa's premier merchant bank. In the end, it is not just about what we build it is about who we become along the way.

Looking Forward: A Future Defined by Opportunity

As we look ahead, we do so with a clear purpose: to solidify Coronation Merchant Bank's position as Nigeria's premier investment and advisory institution and to continually set a standard of excellence in Merchant Banking across Africa.

The road before us is filled with opportunity. By remaining true to the disciplined strategy that has guided our success so far, and by adapting quickly to the needs of the future, we are confident that we can build an even stronger, more resilient organization. Over the past year, we took deliberate steps to focus on higher-quality, lower-cost funding sources. In today's volatile financial environment, managing our funding mix is critical, not only to protect margins but also to ensure that we can support our clients through different economic cycles. By emphasizing stable, diversified funding, we are strengthening the Bank's ability to lend, invest, and grow with confidence.

Our clients are at the center of everything we do. As their needs evolve, so too must our offerings. We are expanding our coverage across key growth sectors of the Nigerian economy and beyond, while nurturing stronger, more strategic relationships with the businesses, institutions, and individuals we serve. This means understanding their ambitions more deeply, standing by them in moments of opportunity and challenge, and delivering innovative solutions that create real, lasting value. At Coronation Merchant Bank, we are reimagining the entire client experience, making transactions faster, simpler, and more intuitive. At the same time, we are embedding technology into our internal processes to improve efficiency, enhance data-driven decision-making, and unlock new growth opportunities. Through these efforts, we aim to make banking not just better, but a true enabler of success for our clients.

Visibility and influence matter, particularly in a fast-changing world. We are working to make Coronation Merchant Bank not just a trusted financial partner, but also a thought leader, offering insight and expertise on the most pressing economic and industry challenges of our time. By deepening our engagement with clients, regulators, and the broader market, we are building a brand that stands for excellence, reliability, and innovation. We will continue to invest in our people to build a high-performing and future-ready organization and are committed to building a workplace that nurtures talent, fosters innovation, and rewards excellence. This means investing in leadership development, providing continuous learning opportunities, and creating an environment where every employee can thrive and contribute meaningfully to our collective success. By empowering our teams, we are not just preparing for the future, we are shaping it.

The future demands that we grow responsibly and inclusively. At Coronation Merchant Bank, we are embedding environmental, social, and governance (ESG) principles into every part of our business, from how we invest capital to how we engage with the world around us. We understand that true, long-term success lies in creating value not only for our shareholders but also for the communities we serve and the environment we share. In 2024, we took tangible steps toward a greener future by planting 1,000 trees across Lagos as part of our environmental stewardship programme. This initiative underscores our commitment to mitigating climate change and enhancing urban resilience.

Equally important is our responsibility to uplift and empower the communities around us. We extended our reach by sponsoring financial literacy programmes across primary, secondary, and tertiary institutions in Nigeria, equipping the next generation with the knowledge to make informed financial decisions. In response to the devastating floods that affected parts of Borno and Jigawa States, we participated in the CIBN Flood Relief Initiative, helping to provide essential aid to displaced and vulnerable families.

These efforts reflect our broader vision: to make a meaningful and lasting impact that goes beyond banking. As we look to the future, we remain committed to championing initiatives that protect our environment, promote financial inclusion, and support sustainable, inclusive growth across our society.

In Closing

At every step of our journey this past year, I have been deeply inspired by the dedication, professionalism, and resilience of our colleagues across the Bank. Their passion and unrelenting commitment are the true drivers of our progress, and they give me enduring confidence in the road ahead.

My sincere appreciation to our Board of Directors for their unwavering support and firm guidance, and to our shareholders for their trust and belief in our long-term vision. Your belief in our long-term vision is the foundation upon which we continue to build.

As we step into the next decade of our journey to become the most respected Nigerian Merchant Bank in Africa, we do so not only with pride in how far we have come but also with a renewed sense of purpose for what lies ahead. We are still in the early chapters of our story, and I believe, with conviction, that the most defining and inspiring chapters are still to come.

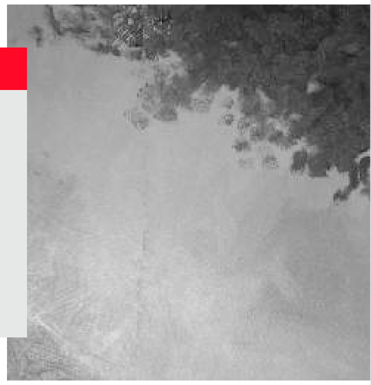
Thank you for standing with us.

Paul Abiagam
Acting Managing Director/Chief Executive Officer
Coronation Merchant Bank

BUSINESS OVERVIEW

Corporate Philosophy
Business Overview

CORPORATE **PHILOSOPHY**



Our Philosophy is hinged on integrity, transparency, and high ethical standards. This philosophy which guides our day-to-day operational decisions is anchored on three key elements: Customers, Sustainability and Talent. We will continue to leverage our superior technology platforms to drive operational excellence across the Bank.

Vision

Our vision at Coronation Merchant Bank is to drive Africa's transformation through innovative, bespoke products, services, and solutions across key industries.

Anchored on our core values: trust, innovation, and leadership, we leverage our confident, driven, and resourceful human capital to create lasting impact. Our advantage lies in our clear message, and diversified business lines, all working towards our ultimate goal: "A Continent Transformed."

We continuously set higher benchmarks to evaluate ourselves, striving for excellence through innovation and superior platforms in Banking and finance. This drive for improvement is embedded in our DNA.

Mission

To provide transformational solutions for Africa's challenges.

Our mission is to co-create a future where our clients' hopes and aspirations are realized. Whatever prosperity means to them, we are committed to enabling the process, providing solutions, and guiding the way.

We are committed to exceeding customer expectations through continuous learning, innovation, and strategic development, ensuring effective solutions to their challenges.

Our Core Values

At Coronation Merchant Bank, our values represent another important step in our decision-making process. Our Values represent our core priorities and the principles by which we live. This is what enables us to deliver our vision and mission.

TRUST

We have complete confidence in one another, and we will work tirelessly to earn our customers' trust, loyalty, and confidence.

INNOVATION

We will not let the status quo dictate our future. We will adapt in order to deliver.

TEAMWORK

We do not shy away from the responsibility of leading. We are prepared to make personal and institutional sacrifices in the larger interest. We consistently outperform the competency expectations placed on leaders.

CONFIDENT

Our confidence is borne out of our past experiences, and our track record speaks for itself.

DRIVEN

Our DNA compels us to keep competing, keep fighting until we achieve our objective.

RESOURCEFUL

We swiftly and innovatively overcome challenges in Africa and beyond, adapting creatively to new and complex situations.

Ernst & Young
UBA House, 10th Floor
57 Marina, Lagos

Tel: (234 -1) 4630479, 4630480
Fax: (234 -1) 4630481
E-mail: services@ng.ey.com

Report of External Consultants on the Board Performance Evaluation of Coronation Merchant Bank Limited.

We have performed the evaluation of the Board of Coronation Merchant Bank Limited ("Coronation" or "the Bank") for the year ended 2024 in accordance with the CBN Corporate Governance Guidelines 2023 (CBN CGG 2023) and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).

The FRC NCCG 2018 Section 14 states that Annual Board Evaluation assesses how each Director, the Committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Bank's objectives. Sub-Section 15.2 of the FRC NCCG states that the summary of the report of this evaluation should be included in the Bank's annual report and on the investors' portal. The CBN CGG 2023 Section 10 states that there shall be an annual appraisal of the Board, its Committees, Chairman and Individual Directors covering all aspects of the Board structure, composition, responsibilities, processes, and relationships, as may be prescribed by the CBN from time to time.

Our approach included the review of Coronation's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the Directors of the Bank.

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

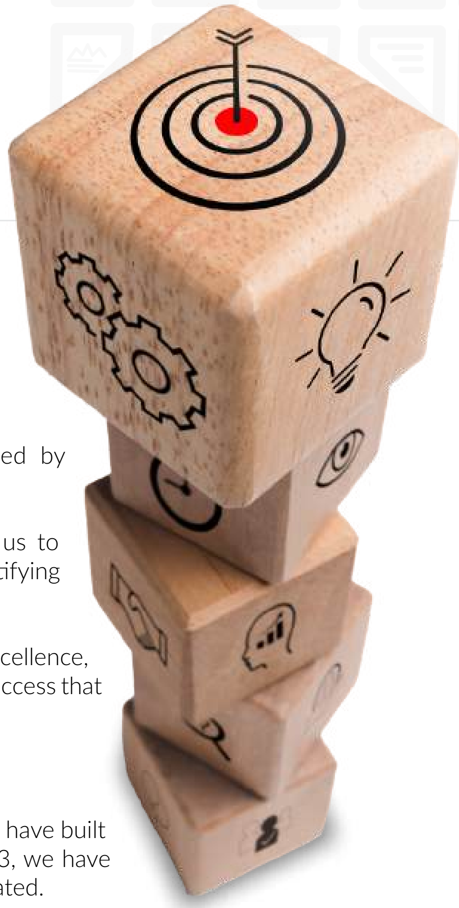
Based on our work, and as noted below, the Board of Coronation Bank has complied with the requirements of Sections 10.1 and 10.3 of the CBN CGG 2023 and Sections 14.1 and 15.1 of FRC NCCG 2018 during the year ended 31st December 2024.

Specific recommendations for the further improvement of Coronation's Corporate Governance practices have been articulated and included in our detailed report to the Board. These recommendations cover the following areas: Strategy, Quality of the Board, Board Operations, Board Risk Management Activities, Relationship with Stakeholders as well as Transparency and Disclosure.

For: Ernst & Young

Abiodun Ogunoiki
Partner and Head. Financial Services Risk Management, West Africa
FRC/2013/PRO/DIR/003/00000000794

OUR STRATEGY



Our strategy at Coronation Merchant Bank is to deliver world-class financial solutions by combining strong returns, an exceptional client experience, and deep local industry insights.

Achieving market leadership by reputation or preference

The Sub-Saharan region has significant growth potential, supported by favourable long-term macroeconomic and demographic factors.

- Our strong regional and international strategic alliances enable us to provide high quality services across West Africa and beyond, identifying markets and sectors for development.
- Our path to unrivaled market leadership is driven by service excellence, product innovation, and market intelligence, forming a platform for success that delivers sustainable value to our investors.

Creating strong client relationships

At Coronation Merchant Bank, we understand that the relationships we have built over time are vital to our success, and since our establishment in 1993, we have remained as strong as our customers and the partnerships we have cultivated.

We foster connections at all levels of management within each client organization, working diligently to maintain and strengthen these relationships through trust and collaboration.

More than just business transactions, we prioritize authentic, long-term relationships, setting ourselves apart by genuinely investing in the success of our clients and partners.

Increasing our execution capacity to drive market coverage and penetration

Our comprehensive service offering is built on seamless synergies within the group, supported by optimized trading, strong risk management controls, efficient internal processes, and robust IT platforms.

With a strong funding base and a lean operating structure, we deliver highly competitive pricing, eliminating cost inefficiencies and providing superior value compared to our competitors.

Over time, our market leadership will drive the development of premium, enhanced products and services, reinforced by our influential reputation and proven track record.

Developing unrivalled market knowledge

Our people exemplify the expertise and deep understanding of the industries they advise on, delivering in-depth analysis and insight into the African Banking sector.

With a dedicated Sub-Saharan Banking coverage model and in-house research capabilities, we offer clients sector-specific knowledge, experience, and strategic relationships.

This allows us to provide trusted financial advisory, precise market intelligence, and proprietary insights that set us apart from the competition.

Establishing new benchmarks for governance and risk management

Integrity, transparency, and high ethical standards are the foundation of our business. We maintain a strong risk management framework, guided by a clear strategy and culture. By working proactively with regulators, we ensure our governance standards align with regulations and set a benchmark for the industry.

OUR STRUCTURE

How we are structured

Our sustainable business performance is driven by our structure, people, and processes. At Coronation Merchant Bank, we create value through a diverse range of products tailored to every stage of the customer lifecycle and their entire value chain.

Coronation Merchant Bank

	Global Markets & Treasury	Corporate Banking Services	Investment Banking	Financial Institutions	Private Banking & Affluent Banking	Public Sector
Overall Aspiration	To provide innovative financial solutions across diverse asset classes at competitive rates, safeguarding assets and maximizing returns through global market expertise.	To partner with businesses, and fulfil businesses' financial needs, providing tailored trade finance solutions for growth, efficiency, and long-term success.	To collaborate closely with clients, gaining deep insights into their financial objectives, and delivering bespoke investment Banking solutions that optimize returns and mitigate risks.	To drive liquidity growth through innovative funding solutions, strategic partnerships, and tailored risk asset offerings while providing seamless payment and collection solutions that strengthen the Bank's financial position.	To build trust with highnet-worth clients, offering personalized Banking and wealth management solutions that ensure their prosperity and legacy.	To provide a range of specialized Financial services and solutions to government entities, MDAs, public institutions, government contractors and agencies
Our Products	Trading (Bonds, T-Bills, FX, Money Market) Structured Products Credit Trading (Bonds, Swaps, Derivatives) Liquidity Management Balance sheet Management	Trade Finance Working Capital Corporate Lending Asset Financing Liquidity Management Corporate Account Services Payments and collections	Mergers and Acquisitions Debt Capital Markets Equity Capital Market Project Finance Structured Finance Financial Advisory	Corporate current account Money Market products Lending services for financialinstitutions Payments and collections Foreign exchange products	Banking services Lending and investment services Planning and advisory Trust investment solutions Digital solutions	Collections Lending services Account Services

Enablers

- Economic Research
- Compliance
- Legal Services
- Finance and strategy
- Marketing and Communications
- Human Resources
- Risk Management
- Operations and Information Technology

WHAT WE DO

Our strategy at Coronation Merchant Bank is to provide world-class financial solutions by delivering strong returns and an excellent client experience while leveraging our local industry knowledge and insights.

Coronation Merchant Bank

Trade and Corporate Banking	Investment Banking	Global Markets & Treasury	Financial Institution	Public Sector	Private Banking & Affluent Banking
Financing	Capital Markets	Money Market	Corporate Current Accounts	Banking Services	Premium Banking
Trade Solutions	Mergers & Acquisition Advisory	Fixed Income	Corporate Domiciliary Accounts	Collection Solutions	Wealth Management
Cash Management	Projects & Structured Finance	FX Trading and Derivatives	Tenured deposits (FCY & LCY)	Investment Solutions	Credit Facilities
			Call Deposits (FCY & LCY)	Credit Facilities	Estate and Trust Planning
			Money Market & Fx Products		

CORPORATE
BANKING DIVISION

Service/Product Offerings

The Corporate Banking Group at Coronation Merchant Bank serves corporate clients with tailored financial solutions, leveraging deep industry expertise to deliver best-in-class services. Its offerings include Treasury, Structured Trade Solutions, and efficient working capital management.

With an optimized structure, the group supports key sectors by providing financial services across the entire value chain, catering to a diverse client base from investment-grade firms to large conglomerates.

Product & Service Offerings

Financing Services

We provide our corporate clients with financing for the fulfilment of strategic and operational needs of their organization ranging from meeting their working capital requirement to funding their capital expenditure projects.

- Working Capital financing
- Bonds & Guarantees
- Capital expenditure financing
- Invoice Discounting
- Asset Finance

Trade Solutions

We offer products and services that facilitate international trade transactions for corporate customers. Our products offering covers the financing of import and export transactions

- Import Finance
- Letters of Credit
- Bills for Collection
- Export Finance
- Commodity Finance
- Structured Trade Finance
- International Trade Finance

Cash Management

Our banking and payment solutions are facilities that allow customers to transact business with ease. Banking and payment solution products, in addition to facilitating and supporting other corporate Banking products, offer a store of value and interest-bearing facilities.

We aid your efficiency in working capital management with our tailored financial products and services aimed at optimizing your funds and streamlining operational processes.

- Corporate Accounts
- Current Accounts
- Call Accounts
- Investment Accounts
- Domiciliary Accounts
- Payments & Collections
- Collections solutions
- Commodity Finance
- Structured Trade Finance
- International Trade Finance
- Payments
(Domestic & International)
- Internet Banking
- Liquidity Management
- Money Market
- Currency Deposits

Achievements so far

Despite the challenges of 2024, driven by FX volatility and market conditions, the division remained steadfast in supporting its clients. The Bank successfully liquidated a significant portion of its longstanding foreign currency exposures while maintaining a strong N163bn loan portfolio.

We also expanded our support to key sectors, including maritime, agriculture, manufacturing, real estate, construction, and general commerce, despite a tight operating environment and limited resources. This achievement was made possible by the trust and commitment of our valued clients, who continue to drive us forward.

Looking ahead, we remain committed to providing unwavering support across all sectors we serve.

Sector Focus

Leveraging our unique expertise and high-quality resources to deliver a unique value proposition to key players and market leaders in our primary focus areas. Our sectorial coverage currently includes the following:

Agriculture & Commodities

The Bank focuses on meeting the Banking needs for the agriculture value chain ranging from largescale plantations, agro-processing, commodities trading to livestock farming and processing, agrobased trading.

Food and Beverages

The Bank partners with key clients within the fastmoving and consumer goods sector spanning across food & beverages, breweries, personal care etc.

Heavy Industries

The Bank focuses on meeting the Banking needs of large conglomerates, chemical processing companies, steel, and fabrication sectors of the economy.

Energy, Oil and Gas

This business covers all the segments of the Energy (Power – Generation, Transmission & Distribution), Oil & Gas (Upstream, Midstream, Downstream, and Services) sector.

General Commerce

The Bank focuses on meeting the Banking needs of trading firms, households, and personal care, pharmaceutical, and automobile dealers.

Real Estate and Construction

The Bank partners with clients in the construction sector spanning across commercial and industrial, residential and hospitality sector.

Services - Aviation, Maritime & Logistics

The business focuses on providing Banking services to transportation, shipping, maritime, and logistics subsectors. With the above, our clients will be better served, enabling us to deliver on our promise of providing transformational solutions in Africa for the various industries we play in.

Telecomms

The business covers the entire value chain of the Information, Communication and Technology sector spanning across Mobile Operators, Fixed and Data Service Providers, OEMs and infrastructure providers and contractors

Outlook 2024 Priorities

To fully maximize opportunities that exist in the coming year, we have aligned our priorities and identified new frontiers that will drive our growth. As such, Corporate Banking will operate sector focused business teams to drive new initiatives and bespoke Banking needs to the various sectors.

CORONATION DEALS

CORONATION

At Coronation Merchant Bank, we combine our global expertise and local knowledge to deliver transformational solutions for our highly valued clients.

2024

Access Holdings Plc Rights Issue of 17,772,612,811 Ordinary Shares at ₦19.75 per share Joint Lead Issuing House	Zenith Bank Plc Rights Issue of 5,232,748,964 and Offer for Subscription of 2,767,251,036 Ordinary Shares at ₦36.00 and ₦36.50 per share Joint Issuing House	FCMB Group Plc Offer for Subscription of 15,197,289,219 Ordinary Shares at ₦7.30 per share Joint Arranger	₦2.80 Trillion Access ARM Pensions Financial Advisory Financial Adviser	₦65.29 Billion Dangote Cement Plc Commercial Paper Programme Joint Arranger	₦59.62 Billion Dangote Sugar Refinery Plc Commercial Paper Programme Joint Arranger
₦54.09 Billion Dangote Cement Plc Commercial Paper Programme Joint Arranger	₦21.73 Billion Coronation Merchant Bank Commercial Paper Programme Lead Arranger	₦20.00 Billion Coleman Technical Industries Commercial Paper Programme Lead Arranger	₦18.80 Billion Johnvents Industries Limited Commercial Paper Programme Joint Arranger	₦11.14 Billion Fidson Healthcare PLC Commercial Paper Programme Lead Arranger	₦10.71 Billion Coronation Merchant Bank Commercial Paper Programme Sole Arranger
₦10.00 Billion Coleman Technical Industries Commercial Paper Programme Lead Arranger	₦8.79 Billion Coronation Asset Management Infrastructure Fund Lead Issuing House	₦7.69 Billion Robust International Commodities Commercial Paper Programme Lead Arranger	₦7.50 Billion CapitalSage Holdings Commercial Paper Programme Joint Arranger	₦6.9 Billion Coronation Group Limited Commercial Paper Programme Sole Arranger	₦6.85 Billion Valency Agro Limited Commercial Paper Programme Joint Arranger
₦6.67 Billion Valency Agro Limited Commercial Paper Programme Joint Arranger	₦6.33 Billion Valency Agro Limited Commercial Paper Programme Joint Arranger	₦6.17 Billion Daraju Industries Limited Commercial Paper Programme Joint Arranger	₦5.74 Billion CapitalSage Holdings Commercial Paper Programme Joint Arranger	₦4.88 Billion Johnvents Industries Limited Commercial Paper Programme Joint Arranger	₦4.57 Billion Fidson Healthcare PLC Commercial Paper Programme Lead Arranger
₦4.53 Billion Robust International Commodities Commercial Paper Programme Lead Arranger	₦4.17 Billion Neveah Limited Commercial Paper Programme Joint Arranger	₦3.58 Billion Daraju Industries Limited Commercial Paper Programme Joint Arranger	₦2.78 Billion Daraju Industries Limited Commercial Paper Programme Joint Arranger	₦2.49 Billion Golden Oil Funding SPV Plc Commercial Paper Programme Joint Arranger	₦2.30 Billion Daraju Industries Limited Commercial Paper Programme Joint Arranger
₦2.28 Billion SKLD Integrated Services Limited Commercial Paper Programme Joint Arranger	₦2.05 Billion Daraju Industries Limited Commercial Paper Programme Joint Arranger	₦1.79 Billion Sukuk Wakalah SPV Limited Asset-Backed Non-Interest Commercial Paper Programme Lead Arranger	₦1.30 Billion SKLD Integrated Services Limited Commercial Paper Programme Joint Arranger	₦0.60 Billion SKLD Integrated Services Limited Commercial Paper Programme Joint Arranger	₦0.5 Billion Fintrak Software Company Limited Commercial Paper Programme Joint Arranger

Visit www.coronationmb.com or scan the QR Code. Speak to an Investment Banking Analyst today.

We are the right partner to provide tailored solutions that will drive your business growth.

INVESTMENT **BANKING**

Service/Product Offerings

The Investment Banking Group of Coronation Merchant Bank Limited offers advisory and capital raising services to help our clients achieve their strategic objectives. We focus on building long-term relationships with corporations, government, financial institutions, financial sponsors and institutional investors by offering strategic advisory, capital raising bespoke financing solutions and project finance services whilst leveraging our group structure, industry knowledge and investor network.

Product & Service Offerings

Capital Markets

We provide our clients with access to various forms of equity and debt capital by offering capital raising advice and customised financing solutions. We combine industry and financial markets knowledge to ensure that our clients have access to the most optimal funding solutions required to drive their strategic business objectives.

Financial Advisory and Mergers & Acquisitions

Through our M&A practice, we provide deep insights towards identifying and consummating business combinations and divestitures. With our understanding of diligence and valuation, we help our clients identify and harness synergies across various parameters. We support this with our competence to provide our clients with solutions that are bespoke, relevant, and pragmatic.

Project & Structured Finance

Our project and structured finance advisory services cover the entire lifecycle of a project, from early development to completion. This includes project equity structuring, mezzanine or bridge financing, Bank guarantees, debt syndications and public-private partnerships (PPP). We provide solutions beyond conventional forms of lending, including asset-based financing structures, off-balance-sheet financing, securitizations, and multilateral funding. We are continuously developing product solutions to meet emerging needs of our various markets.

PRODUCTS COVERAGE					
Capital Markets		Mergers & Acquisition And Financial Advisory		Project And Structured Finance	
Equity Capital Markets	Debt Capital Markets	M&A	Financial Advisory	Project Finance	Structured Finance
• Initial Public Offerings (IPO) • Follow-on Offerings • Private Placements • Equity-Linked Instruments – Convertibles, Mezzanine, etc.	• Corporate Bonds • Green Bonds • Government Bonds (Federal, State & Municipals) • Sukuk • Commercial Papers • Private Notes	• Buy Side Advisory • Sell Side Advisory • Leveraged/ Management Buy Out • Distressed Sales	• Corporate Finance Advisory • Privatisation Advisory • Restructurings	• Project Finance Advisory & Structuring • Public-Private Partnerships (PPP) • Infrastructure Debts & Bonds • Debt Syndications	• Asset Backed Securities and Securitisations • Leveraged & Acquisition Finance • Capital Restructuring • Facility Agency and Intermediation

Sector	Industry
Agriculture	• Inputs i.e., Seeds, Fertiliser, etc. • Farming, Plantation • Processing and Trade
Consumer	• Food and Beverage • Household and Personal Care Products • Distribution and Logistics
Financial Institutions	• Banks • Insurance • Pension Fund Administrators (PFA) • Asset Management • Non-depositary Financial Institutions • Financial Technology
Industrials	• Heavy Industries • Construction • Steel and Other Fabrications • Tool and Machinery
Infrastructure	• Power • Transport • Mining
Oil & Gas	• Upstream • Midstream • Downstream • Services
Telecoms	• Mobile Operators • Data Service Providers • Infrastructure and Services

Client Focus	
Corporates	Government

• Financial Institutions
• Large Start-ups
• Mid-sized Firms
• Large Corporates
	• Federal
	  • Ministries
	  • Departments
	  • Agencies
	• State
	• Municipal

Investor Focus	Regulators
• Private Equity & Financial Sponsors Group • Africa Dedicated Capital Market Funds • Local Institutional: Asset Management, Insurance, PFAs • Sovereign Wealth Funds • High Net-worth Individuals • Family Offices	• Securities & Exchange Commission (SEC) • Central Bank of Nigeria (CBN) • FMDQ • Others

Achievements so far

The Investment Banking Division of Coronation Merchant Bank continues to drive innovation and excellence in Nigeria's capital markets. In 2024, we executed a series of landmark transactions (see table below), further cementing our reputation for delivering value-driven solutions.

No.	Client	Product	Transaction	Size	Role
1	Access Holdings Plc	Capital markets	Equity capital raise	₦351.0 Billion	Joint Issuing House
2	Zenith Bank Plc	Capital markets	Equity capital raise	₦350.5 Billion	Joint Issuing House
3	FCMB	Capital markets	Equity capital raise	₦144.6 Billion	Joint Issuing House
4	Coronation Asset Management Infrastructure Fund	Capital markets	Infrastructure fund issue	₦8.8 Billion	Lead Issuing House
5	Access ARM Pensions Limited	M&A	Merger	₦2,821.0 Billion	Sell-Side Advisory
6	Dangote Cement Plc	Capital markets	Commercial paper issues	₦232.6 Billion	Joint Arranger
7	Dangote Sugar Refinery Plc	Capital markets	Commercial paper issues	₦125.6 Billion	Joint Arranger
8	MTN Nigeria Communications Plc	Capital markets	Commercial paper issues	₦114.4 Billion	Joint Arranger
9	Coronation Merchant Bank	Capital markets	Commercial paper issues	₦38.6 Billion	Joint Arranger
10	Coleman Technical Industries Limited	Capital markets	Commercial paper issues	₦30.0 Billion	Joint Arranger

A key highlight of the year was our role as the first arranger for the Sultiva Wakala Non-Interest Commercial Paper (NICP) Programme under FMDQ's updated Commercial Paper framework, reinforcing our leadership in the Debt Capital Market. This, along with other major achievements, earned us four prestigious honours at the 7th Annual FMDQ Gold Awards, including:

- Most Diverse Issuer on FMDQ
- FMDQ Registration Member (Quotations) of the Year
- Most Active Securities Lodgement Sponsor on FMDQ
- Largest Issuing House on FMDQ

We closed 49 significant transactions across Debt Capital Markets, M&A, and Equity Capital Markets, ranking 6th in the FMDQ Fixed Income Primary Markets Sponsors' and Solicitors' League Table for 2024. Additonally, our thought leadership article, "Nigeria's Success in Harnessing Investment" was published in the Winter 2024 - 2025 edition of World Finance Magazine. We were also recognised as "Best Investment Bank in Nigeria" by World Finance.

[1]For transactions in equity capital raise, this refers to the amount verified by the Central Bank of Nigeria and the Securities and Exchange Commission, Nigeria. While for transactions in commercial paper issues, this refers to the total funds raised by each client (or issuer) within the year.

With a commitment to driving impactful financial solutions, we look forward to further expanding our influence in the Nigerian and broader African investment landscape.

Business Opportunities, Outlook & 2025 Priorities

With economic recalibration on the horizon, 2025 holds promise for a more stable and growth-driven financial landscape. The rebasing of Nigeria's inflation and GDP, alongside new regulations in the foreign exchange market (NFEM), seeks to create a more structured and transparent financial ecosystem. However, the Naira's 69.3% depreciation against the US$ between June 2023 and December 2024 has intensified inflationary pressures, necessitating strong economic interventions.

Amidst this evolving landscape, Banking sector recapitalisation presents a major opportunity for Coronation Merchant Bank's Investment Banking Group to support financial institutions in raising capital through private placements, rights issues, and M&A transactions. Strengthening the Banking sector is essential to unlocking greater investment in high-growth areas like agriculture, manufacturing, and technology, all of which are instrumental to achieving Nigeria's US$1 trillion economic vision by 2030.

Infrastructure financing will be a core focus in 2025. We aim to play a leading role in syndicating funds for large-scale public-private partnership (PPP) projects that facilitate trade and industrial expansion. Additionally, we aresharpening our M&A advisory expertise, particularly in the manufacturing and oil & gas sectors, ensuring we remain a trusted partner for businesses navigating complex transactions in an evolving economy.

GLOBAL MARKETS
& TREASURY

Service/Product Offerings

The Global Markets And Treasury Division (GMT), over the years, has delivered high quality execution services to numerous asset managers, pension funds, money market brokers, corporates, High-Net-Worth Individuals and other market counterparties. Our market-making activities cover trading in fixed-income securities (treasury bills and Bonds) and foreign exchange trading. The Treasury Sales team work closely with other business units to deliver personalized treasury solutions to clients.

GMT is also responsible for managing the Bank's liquidity, funding, capital, structural interest rate and foreign exchange risks. The risks managed by Treasury arise from the activities undertaken by other major business segments to serve their respective client bases, which generate both on- and off-balance sheet assets and liabilities. GMT seeks to achieve the Bank's asset-liability management objectives generally by managing cash deposits at the central Bank and investments in high quality securities that are managed for the longer-term as part of the Bank's investment securities portfolio.

GMT also acts as the secretariat of the ALCO by monitoring the funding and liquidity status daily and presenting monthly reports for discussion at the ALCO; with the market risk group maintaining oversight.

Product Offerings

1. Foreign Exchange (FX) Solutions

- Spot FX Transactions – Immediate currency exchange for international trade-backed transactions, personal and business travel allowance, medicals, school fees and other eligible trades as approved by the Central Bank of Nigeria.
- Forward Contracts – Hedging future currency exposure by locking in exchange rates.
- FX Swaps – Simultaneous buying and selling of currencies for different settlement dates.
- Options & Structured FX Products – Flexible strategies to manage currency risk with premium- based or structured solutions.

2. Interest Rate & Fixed Income Products

- Government Bonds & Treasury Bills – Low-risk instruments for investment and liquidity management.
- Corporate Bonds – Fixed or floating rate debt instruments tailored to risk appetite.
- Interest Rate Swaps (IRS) – Hedging against interest rate fluctuations.

3. Fixed Income Settlement Service

- Comprehensive solution designed for Institutional investors, hedge funds, asset managers, PFA's, UHNIs, HNIs, Affluent Individuals and Financial Institutions that provides them with seamless access to securities trading, risk management, margin financing, and clearing.

- The Fixed Income Settlements service ensures accurate, timely, and efficient settlement of government securities (Treasury Bills and Bonds) and Eurobonds, enhancing portfolio management and compliance.

4. Treasury Deposit Offerings

- **Call Deposits** - Short-term, highly liquid deposits a predetermined interest rate that allow clients to withdraw funds on demand providing flexibility. It can be denominated in local or foreign currencies.

- **Fixed Deposits (Term Deposits)** -Deposits placed for a fixed term with a predetermined interest rate. It can be denominated in local or foreign currencies.

- **Structured Deposits -** Hybrid deposits combining fixed income features with market-linked returns (e.g., securities). The returns depend on the performance of an underlying asset. Suitable for corporates seeking higher yields with controlled risk exposure

- **Money Market Deposits** - Short-term investments in highly liquid money market instruments such as treasury bills, commercial paper, or repurchase agreements. It provides liquidity while generating a yield.

Sector Focus

Pension Fund Managers, Insurance Companies, Asset/Porfolio Managers, Fixed Income Brokerage and Foreign Portfolio Investors.

Achievements so far

On the FMDQ Leaque Table, Coronation Merchant Bank moved up to clinch first position in Bonds and the second ranking in Treasury Bills trading in 2024.

Business Opportunities

Fixed income proprietary trading and market making are expected to create new opportunities in 2025 as market embraces interest rate products (derivatives) and liquidity in the cash markets are likely to drive actvities by money managers.

We expect the volatility of the Naira to create new request for currency hedging solutions from clients looking to hedge their trade exposures thus improving our spreads on execution and volumes. Lastly, we continue to explore more sustainable funding opportunities on the local and foreign currency balance sheet to enhance our Net Interest margin.

2024 Highlights and 2025 Outlook

The Regulatory Landscape

In 2024, the leadership of the Central Bank of Nigeria (CBN) led by Governor Olayemi Cardoso maintained a contractionary monetary policy stance, however employed orthodox tools, such as the use of heavy OMO bill issuance to mop-up liquidity and stimulate the transition of MPR hikes to all other market rates. To demonstrate the CBN's commitment to its price stability mandate, it issued about N6trillion in net OMO in the 1st half of 2024, followed by over N7.5trillion net OMO in the 2nd half. This is particularly aggressive considering that the year started with only less than N700billion outstanding OMO bills.

The CBN also quickly established transparency and standardization of its policy implementation across the financial landscape. The utilization of non-discretionary tools, like the Cash Reserve Requirement (CRR) was standardized for all Banks, with transparent weekly computation of charge or refund established.

Early in 2025, the MPC has communicated its continued commitment to orthodox monetary principles to achieve its mandate of price stability. Already, the CBN has issued over N1trillion in net OMO within the 1st 5 weeks of 2025. It is expected that the CBN will continue to use the OMO instrument to achieve price transition across other market instrument and build on its reputation as a collaborative, ethical and transparent regulator of the financial system.

Interest Rates Development

The 2024 financial year started with the rate on 1-year FGN Treasury bills at sub-10% even with inflation rates at over 24%. By early February 2024, the same security had hit 23% yield rising to stabilize at 26% levels for the rest of the year. Similar, strong upswing in rates was observed on risk assets pricing as Banks re-priced their prime loans from sub-15% levels to near 30% over the period.
These trends in NTB and commercial loan rates occurred on the back of the CBN's willingness to drive up other market instruments with the bite of its sizable OMO bills. Consequently, the guidance on interest rate direction as provided by the MPC was unequivocal following the 600bps (18.75% to 24.75%) hike to MPR in Q1 2024 alone; with cumulative 2.75bps MPR hikes announced through the rest of 2024.

The liquidity status of the money market was negative for most of 2024, partly buoyed by the aggressive use of the Cash Reserve Requirement (CRR), with the MPC's 17.5% increase to 50% for commercial Banks and 6.0% increase to 16% for merchant Banks. The historic high CRR implies that for every N10billion deposit growth in a commercial Bank, the CBN will debit additional N5billion CRR against the Bank. Where, however, it is a decline to Naira deposits, the CBN will refund to the Bank 50% of the deposit loss. The implication was that the effective cost of funds (COFs) was effectively doubled for commercial Banks, while the typically higher COFs accessible by merchant Banks was also effectively higher, this provided additional motivation for Banks to aggressively reprice the Naira risk assets for most prime customers. The tight liquidity position also kept the depositors demanding higher interest rates on their deposits.

Looking into 2025, the expectation is for the year-on-year inflationary pressure to abate due to the moderation of key macro prices such as PMS/Diesel prices and $/N exchange rate; these developments is further supported by the high base effect against 2024, as well as the rebasing exercise carried out by the Nigerian Bureau of Statistics. Given that the MPC's core mandate is price stability, the expectation of the market is for the MPR rate to decline steadily in 2025 as it tracks a declining Y-on-Y inflation rate. As observed in 2024, the pricing of all other market instruments including loans and deposits are expected to decline at pace with or faster than the MPR, depending on the level of system liquidity. Finally, the CBN is expected to maintain the aggressive use of CRR in the course of 2025 to cheaply mop-up excess liquidity on the back of rising fiscal spending by both the federal government and the sub-nationals.

We have offered the best pricing in the various product categories demanded or advised to our customers, be it fixed income securities, non-tenured and tenured deposits through 2024; we are determined to assist our customers stay ahead of the yield curve trends through 2025.

Foreign Exchange Rate Outlook

2024 was a transformative year for the Nigeria's foreign exchange market, marked by significant currency depreciation, comprehensive policy reforms by the Central Bank, and notable shifts in economic indicators.

The naira experienced a substantial depreciation of 62.70% against the US dollar in the official market, with the exchange rate moving from 951.79/$ at the end of 2023 to 1,548.59/$ by December 31, 2024. The parallel market also followed suit as the naira's value declined even more sharply, reaching approximately 1,483.00/$ by mid-2024 and declined further to ₦1,660.00/$ by year end 2024 vs 1,220.00/$ as at December 31, 2023.

Despite currency depreciation, Nigeria's foreign exchange reserves experienced growth, surpassing $40 billion by the end of 2024, attributed to increased foreign exchange inflows exceeding $6 billion during the year.

In early 2025, the Foreign Exchange market has witnessed stability, appreciation, and unification of rates between the official and BDC markets. The positive development was heralded by an effectively implemented monetary tightening cycle, as well as the introduction of transparency to the FX trading market with the advent of the Electronic Foreign Exchange BMatch System.

The Central Bank of Nigeria (CBN) introduced several key policies aimed at stabilizing the FX market, including:

- Electronic Foreign Exchange Market System (EFEMS): Implemented in December 2024 to enhance transparency and reduce market distortions.
- Revised FX Market Guidelines and the FX Code: Released in November 2024, these guidelines sought to harmonize market practices with global standards and strengthen regulatory oversight.

We have an excellent track record in FX regulatory compliance and our share of the overall FX market trades as we prudently engage the market for the best deals for our esteemed customers.

FINANCIAL **INSTITUTIONS**

Service/Product Offerings

The Financial Institutions team supports the Bank's liquidity needs by partnering with clients to deliver tailored solutions, including investment advisory, risk assets, account management, and payment collection services, fostering mutually beneficial relationships.

Product And Offerings

We offer seamless account management through robust internet Banking and dedicated support, along with a wide range of tailored financial products to meet diverse customer needs.

Products

- Corporate Current Accounts
- Corporate Domiciliary Accounts
- Tenured deposits (FCY & LCY)
- Call Deposits (FCY & LCY)
- Money Market & Fx Products
- Payments and Collection Solutions

Risk Asset

The Financial Institutions team offers tailored financing solutions, including Fixed Income Trading Lines and Bank Guarantees, to meet clients' diverse needs.

Fixed Income Trading Lines provide funding for traders to take long or short positions on FGN bonds or T-bills without requiring full cash or securities upfront, while our Bank Guarantee solution ensures clients meet their obligations under any circumstances.

We also offer a secure, efficient platform for processing dividend payments, coupon distributions, and bulk payments, with comprehensive regulatory reporting for timely submissions.

Risk Asset Products

- Time/Term loans
- Fixed Income Trading Lines
- Guarantees
- Overdraft

Sector focus

Contractual FIs

- Registrars
- Insurance/Health Insurance
- Stockbrokers
- Custodians
- Trustees

Investment FIs

- Asset managers
- Pension fund administrators
- Finance Companies
- Private Equity firms
- Advisory Firms

- DFIs
- Microfinance Banks
- Regulators
- FinTechs
- Other FI-type businesses

PRIVATE AND
AFFLUENT BANKING

Service/Product Offerings

Private and Affluent Banking make up a small part of the overall business, focused on high end individuals who are seeking smart investment choices, to enable them to create, grow and preserve wealth. We are also structured to cater for all related parties and businesses to these individuals, thereby delivering value to every customer and ensuring that they find a one stop shop with us.

Product Offerings

We extend a wide range of product and service offerings, ranging from the basic Banking services to a more sophisticated bouquet of investment and lending options.

Banking Products

- Current Accounts
- Call Accounts
- Investment Accounts
- Domiciliary Accounts
- Payments & Settlements (Debit cards, E-Banking channels)

Lending Solutions

- Real Estate Finance
- Investment Backed Lending
- Personal Loans
- Specialty Financing
- Overdrafts

Investment Solutions

- Cps and Investments
- Treasury Bills
- Bonds
- Money Market

Others

- Estate Planning & Wealth Transfer
- Planning & Advisory
- General & Life Insurance
- Gallery Sponsored Events

Sector Focus

Private and Affluent Banking, focus on individuals within a minimum category of affluence in the retail pyramid and build up to high and ultra-high net-worth individuals. The individual count within the sector is much fewer but with considerably higher resources compared to the core and mass retail space with higher individual count and less resources.

Sample profiles include:

- Retirees (Former MDs/ CEOs, Directors, C-Suite Executives)
- Senior Management Staff etc
- Ambitious Achievers
- Government Contractors
- Elite Capitalists
- Politicians (PEPs, Senators & House of Rep. Members)
- Young Tycoons (Start-Up Founders & Entrepreneurs, Socialites etc.)
- Business Moguls
- Inherited Wealth

Our sector coverage includes Lagos, Abuja and Port-Harcourt

Achievements so far

Private and Affluent Banking is still maturing and a key strategy for success lies in the ability to grow the customer base exponentially. In 2024, new to Bank customer sign on exceeded 350, attracting lodgments in excess of N20bn, and contributing to the overall profitability of the Bank.

A major milestone achievement was the launch of the Visa infinite and Visa Gold naira debit cards

Business Opportunities

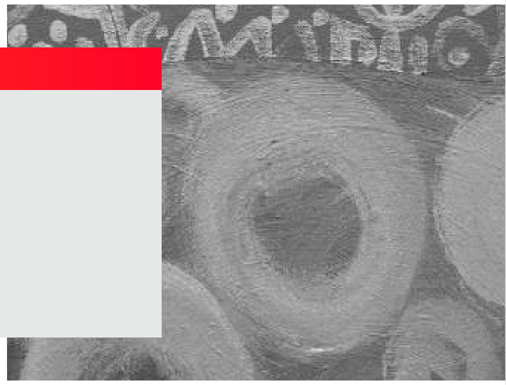
The strategic plan going forward is to take advantage of the Coronation Wealth digital platform to increase our reach to more prospects. Other opportunities include collaborations and partnerships for referrals.

To drive business growth, there will be development of more solution-based products targeting specific needs for better patronage.

2025 Priorities

Looking ahead into the year, as a follow up to the launch in 2024 of our debit cards, we shall be adding the coronation visa credit cards. This is expected to help grow new to Bank customers, which would be a priority for 2025. There would be more visibility through wealth events, thought leadership articles and podcasts. Finally, we invite everyone to be on the lookout for new and attractive products alongside the existing array of products.

PUBLIC
SECTOR GROUP



Service/Product Offerings

Our Public-sector group provides financial services to Government entities at various levels such as federal, state and local governments as well as government agencies and public institutions. The group offers specialized Banking services tailored to the unique requirements of the public sector including treasury management, revenue collection services, financing solutions and advisory services.

The aim is to provide efficient solutions to support the public sector in managing their funds, facilitating transactions and optimizing their financial operations.

The Public Sector Team at Coronation Merchant Bank has continued to navigate the key challenges in the public sector space which include digitization of government revenue collections, policy changes and economic headwinds while achieving successes in the enlistment as a collecting Bank for taxes in Lagos State as well expansion of our public sector client base to state-owned asset management company and other public sector fund managers.

Products and Offerings

- Revenue Collections Services
- Electronic Funds Transfers, Payment's processing and liquidity management
- Investment services- Call Deposits, Fixed Deposits
- Financing Solutions – lines of credit tailored to the specific needs and repayment capability of the government entities.
- Public Finance Advisory

Sector Focus

- Local, State and Federal Government
- Public Services
  - Security
  - Infrastructure
  - Healthcare
  - Education
  - Social welfare
- Public Enterprises (State Owned Enterprises)
  - Commercial entities
- Bilateral & Multilateral Institutions
  - Non-Governmental Organisations
  - Other development partners

Achievements so far

The group started a business relationship with the Lagos State Government and commenced the collections of the revenue and taxes on behalf of the state. Major accounts include;

- LASG Consolidated Revenue
- LASG Stamp Duty
- LASG Research and Development
- LASG Land use charge T

The group has also enlisted and expanded its client base to include state-owned asset management company, Development finance institutions as well and major national associations,

Business Opportunities

- **Tax Collection Services:** Coronation Merchant Bank will collaborate with government tax authorities to provide tax collection services, including tax remittance processing, taxpayer assistance, and tax compliance monitoring. We will offer solutions for tax reporting, data analytics, and fraud detection to improve the efficiency and accuracy of tax collection efforts.

- **Payment Processing Solutions:** Coronation Merchant Bank will offer payment processing solutions to streamline government revenue collection processes. This may include developing online payment platforms, mobile payment applications, and electronic billing systems to facilitate the collection of taxes, fees, fines, and other

OPERATIONS

Service/Product Offerings

In 2024, the Operations Division made significant strides in line with our focus on customer satisfaction and digital transformation. These achievements reflect our commitment to advancing the Bank's strategic objectives.

- **Enhanced Self-Service Platforms:** The Division successfully improved self- service platforms, enabling customers to complete transactions effortlessly, with minimal reliance on staff.
- **Automated Back-Office Processes:** Key back-office processes were automated, leading to faster turnaround times and improved transaction accuracy.
- **Improved Customer Satisfaction:** A more proactive approach was adopted to resolve complaints. Turnaround times for complaint resolution were significantly reduced, and customer feedback guided enhancements to our digital channels, making them more user-friendly and efficient.
- **Elimination of Workflow Bottlenecks:** Critical workflow bottlenecks were removed, ensuring seamless transaction processing.
- **Enhanced Internal Collaboration:** Closer collaboration with internal units ensured better alignment and execution of operational tasks, enhancing the overall delivery of our services.
- **Championing Remote Work:** The Division continued to promote remote work, utilizing tools and technology to maintain seamless collaboration and productivity across all locations.
- **Staff Engagement and Creativity:** Employees were empowered to contribute ideas that improved our systems and customer experiences. These contributions, supported by intelligent technologies, laid the foundation for sustained

Summary of 2024:

In summary, 2024 was a transformative year for the Operations Division, marked by progress in digitalization and customer satisfaction.

Operations In 2025

The Operations Division is committed to building on the successes of 2024 while aligning with the Bank's broader goals. This year, our focus is on further advancing digital transformation, enhancing customer journeys, and achieving operational excellence at a higher level.

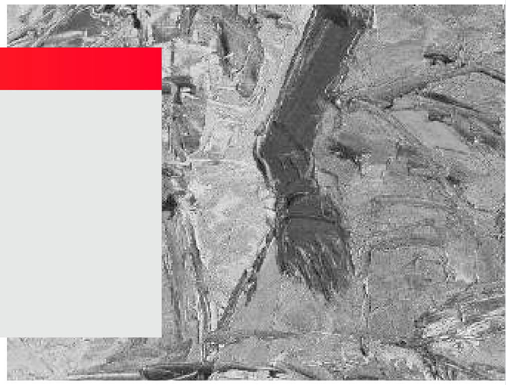
- **Digitalization Focus:** A key priority in 2025 is achieving full digitalization by eliminating all manual workflows and ensuring a smooth transition to efficient digital platforms. By streamlining processes and leveraging existing digital tools, we aim to achieve seamless service delivery.
- **Customer-Centric Approach:** Customer satisfaction remains at the heart of our strategy. The Division will continue to adopt a customer-first mindset, ensuring that every interaction reflects empathy and problem-solving. Our goal is to deliver exceptional customer journeys that foster deeper trust and loyalty. A seamless and consistent experience across all customer channels—digital, mobile, and in-person—will remain a top priority.
- **Operational Excellence:** Operational efficiency will be further optimized in 2025, with a focus on reducing costs and ensuring scalability. Strengthening risk management frameworks is essential to ensure flawless transactions and uphold compliance standards. We are also committed to achieving top-tier auditratings from both internal and external evaluators.

- **Investing in People:** Recognizing that our people are our most valuable asset, the Division will launch targeted training initiatives in 2025 to equip employees with the skills needed to thrive in a digital-first environment. A culture of innovation will be fostered, encouraging employees to share ideas and contribute meaningfully to the Division's goals. Performance metrics will be aligned with strategic objectives to ensure that every contribution is recognized and rewarded.

2025 Priorities

In conclusion, the Operations Division is poised to drive the Bank's transformation agenda in 2025. By deepening digitalization, enhancing customer journeys, and ensuring operational efficiency, we aim to solidify the Bank's position as a leader in customer service and innovation.

INFORMATION TECHNOLOGY



Introduction

In 2024, our Technology Group continued to drive innovation and operational excellence, reinforcing our commitment to deliver efficiently custom-fit financial solutions and enhancing client experiences. Our strategic investments in technology have enabled us to stay ahead in a rapidly evolving financial landscape.

Key Achievements

- **Digital Transformation**: We successfully completed the first phase of our digital transformation initiative, which involves setting up additional infrastructure and automating core/foundational processes. This transition has improved system reliability, scalability, and security, while also reducing technology costs by approximately N1 Billion.

- **Cybersecurity Enhancements:** Recognizing the increasing importance of cybersecurity, we made significant investments in deploying human resource, and implementing advanced threat detection and response systems. These measures are significantly strengthening our ability to protect sensitive client data and maintain the integrity of our financial operations..

- **Client-Focused Innovations:** We launched several new digital products designed to meet the evolving needs of our niche clients. Highlights include a self-service account opening system, naira and dollar denominated debit cards, highly optimized trade finance systems, and several other optimizations on all our customer touch points (mobile Banking, internet Banking, contact center e.t.c).

Future Outlook

Looking ahead and in clear support for the Bank's outstanding growth trajectory, we would increase our investment in technology as the Technology group is set to unlock the possibilities of digitalized revenue product lines like Collections, Prime Brokerage and other Bespoke facilitations.

In 2025, the Technology group will activate billing and invoicing systems to enable our corporates serve their customers better. This will come in tandem with other activations like the collection systems and technologies which would provide our customers with a robust collections platform that is flexible to their respective business models and integration requirements.

Further to this, the Bank will be digitalizing her brokerage processes and accelerate her pace to being the Bank of choice for the community of dealing agents, individuals and institutions.

Therefore, our strategy includes advancements in AI powered solutions whilst expanding our bespoke offerings and enhancing our cybersecurity framework. We remain dedicated to leveraging technology to drive growth, improve efficiency, and deliver exceptional value to our clients.

As part of the Bank's digitalization strategy, her continued investment in artificial intelligence will yield substantial benefits. We would be integrating with AI-driven analytics platforms to enhance fraud management, optimize trading strategies, and personalize client services. These technologies will help ensure a continuously safe Banking environment.

Conclusion

The achievements of the Technology Group in 2024 underscore our commitment to technological excellence and innovation. As we move forward, in 2025 we will continue to harness the power of technology to digitalize our processes, support our strategic objectives and deliver superior financial outcomes.

GOVERNANCE

- The Board
- Whistle-blowing Procedure
- Sustainability Banking Report 2023
- Corporate Information
- Directors' Report
- Corporate Governance Report
- Directors' Responsibility
- Report of the Board Audit Committee
- Report on Customers' Complaints and Feedback
- Report on Enterprise Risk Management
- Corporate Responsibility for Financial Statement

THE **BOARD**

The Board is made of ten (10) members, consisting of nine (9) Non-Executive Directors, including the Chairman and one (1) Executive Director. Among the Non-Executive Directors, three (3) are independent and contribute to enhanced objectivity and independence in the decision-making process of the Board. There are no shadow or alternate directors in the Board.

The directors who served during the financial year and up to the date of this report are:

1.	Babatunde Folawiyo	- Chairman
2.	Mr. Larry Ettah	- Non-Executive Director
3.	Ms. Evelyn Oputu	- Non-Executive Director
4.	Mr. Adamu Atta	- Non-Executive Director
5.	Mr. Idaere Gogo Ogan	- Non-Executive Director
6.	Ms. Olubunmi Fayokun	- Non-Executive/Independent Director
7.	Mr. Olukayode Akindele	- Non-Executive Director
8.	Mr. Olayinka Tiamiyu	- Non-Executive/Independent Director
9.	Mrs. Adetola-Owolabi	- Non-Executive/Independent Director
10.	Mr. Paul Abiagam	- Ag. Managing Director/CEO

THE BOARD

L-R

Babatunde Folawiyo // Larry Ettah // Evelyn Oputu // Adamu Atta // Idaere Gogo Ogan //
Olubunmi Fayokun // Olukayode Akindele // Olayinka Tiamiyu // Adetola Owolabi // Paul Abiagam

THE BOARD

BABATUNDE FOLAWIYO
Chairman, Coronation Merchant Bank

MR. LARRY ETTAH
Non-Executive Director

COMMITTEE MEMBERSHIP

- BOARD CREDIT AND INVESTMENT COMMITTEE (CHAIRMAN)
- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE
- BOARD RISK MANAGEMENT COMMITTEE.

MS. EVELYN **OPUTU**

Non-Executive Director

COMMITTEE MEMBERSHIP

- BOARD RISK MANAGEMENT COMMITTEE (CHAIRMAN)
- BOARD AUDIT COMMITTEE
- BOARD CREDIT AND INVESTMENT COMMITTEE

MR. ADAMU **ATTA**

Non-Executive Director

COMMITTEE MEMBERSHIP

- BOARD RISK MANAGEMENT COMMITTEE
- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE
- BOARD CREDIT AND INVESTMENT COMMITTEE

MR. IDAERE **GOGO OGAN**

Non-Executive Director

COMMITTEE MEMBERSHIP

- BOARD AUDIT COMMITTEE.
- BOARD RISK MANAGEMENT COMMITTEE
- BOARD CREDIT AND INVESTMENT COMMITTEE

MS. OLUBUNMI **FAYOKUN**

Non-Executive Director (Independent)

COMMITTEE MEMBERSHIP

- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE - CHAIRMAN.
- BOARD AUDIT COMMITTEE
- BOARD CREDIT AND INVESTMENT COMMITTEE
- BOARD RISK MANAGEMENT COMMITTEE.

MR. OLUKAYODE **AKINDELE**

Non-Executive Director

COMMITTEE MEMBERSHIP

- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE
- BOARD CREDIT AND INVESTMENT COMMITTEE
- BOARD RISK MANAGEMENT COMMITTEE.

MR. OLAYINKA **TIAMIYU**

Non-Executive Director (Independent)

COMMITTEE MEMBERSHIP

- CHAIRMAN - BOARD AUDIT COMMITTEE
- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE.
- BOARD CREDIT AND INVESTMENT COMMITTEE
- BOARD RISK MANAGEMENT COMMITTEE.

MRS. ADETOLA **OWOLABI**

Non-Executive Director (Independent)

COMMITTEE MEMBERSHIP

- BOARD AUDIT COMMITTEE
- BOARD GOVERNANCE AND NOMINATIONS COMMITTEE.
- BOARD CREDIT AND INVESTMENT COMMITTEE

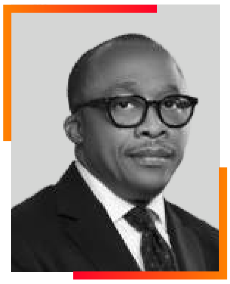
MR. PAUL **ABIAGAM**

Ag. Managing Director/CEO

COMMITTEE MEMBERSHIP

- BOARD CREDIT AND INVESTMENT COMMITTEE
- BOARD RISK MANAGEMENT COMMITTEE.

SENIOR
MANAGEMENT TEAM



Paul Abiagam
Ag. Managing Director/
Chief Executive Officer

Demola Adekoya
Divisional Head, Corporate and Investment Banking

Saheed Alamatu
Chief Risk Officer

Ronald Nwaezeapu
Divisional Head, Global Market and Treasury

Arini Awotunde
Chief Financial Officer

Isaiah Ailenmoagbon
Chief Compliance Officer

Stanley Ubani
Company Secretary

Taiwo Olatunji
Group Head,
Investment Banking

Ifeyinwa Uwefoh
Group Head.
Private Banking

Bala Umaru
Head, Public Sector

WHISTLE BLOWING PROCEDURE REPORT

In line with the Bank's whistle blowing policy, Coronation Merchant Bank expects all its employees, directors, and stakeholders to observe the highest level of integrity and probity in their daily dealings with the bank and all its stakeholders. The policy provides a clear framework and guidance for reporting suspected breaches of laws and regulations and the bank's internal policies. KPMG Professional Services was contracted by the bank to provide consulting assistance in the policy's implementation. The policy provides that suspected wrongdoing by an employee, vendor, supplier, or consultant may be reported through KPMG's ethics reporting channels provided below.

TELEPHONE

KPMG lines:

- 9Mobile: 0809 993 6366
- MTN: 0703 0000 026

TOLL FREE NUMBERS:

- 0800 123 5276,
- 0800 123 KPMG (i.e. 0800 123 5764)

KPMG E-MAIL

kpmgethicsline@ng.kpmg.com

KPMG WEB-LINK

https://apps.ng.kpmg.com/ethics

The Bank's Chief Audit Executive is responsible for monitoring and reporting on whistle-blowing issues. Quarterly reports are also rendered to the Board Audit Committee.

Individuals interested in whistleblowing may also do so to the CBN (Central Bank of Nigeria)via:

Ethics & anti-corruption helplines
+234 9 462 39246
+234 9 462 36000

Email
ethicsoffice@cbn.gov.ng
anticorruptionunit@cbn.gov.ng

SUSTAINABLE BANKING **REPORT 2024**

OVERVIEW

Sustainability is both a moral obligation and an opportunity. Finance is critical to achieving the United Nations Sustainable Development Goals (SDG),

which address issues ranging from climate change to inequality, making financial institutions a key player at the center of sustainability discussions. Sustainability also offers vast potential for financial institutions to improve their products and services.

Coronation Merchant Bank sees sustainable Banking as an important part of its processes in a bid to secure the environment and social well-being of the economy, among other goals, while performing its fiduciary function. The Bank is committed to sustainable social and economic development through its operations, businesses, and communities. To that end, our sustainability goals are aligned with the Nigerian Sustainable Banking Principles (NSBPs), which help to provide tangible targets to drive sustainable business outcomes. The Bank also fully adopts the principles and guidelines of some international principles and guidelines to demonstrate its status as an institution with a vision of playing in the international Banking space.

Coronation Merchant Bank's Sustainability Framework articulates its strategic commitment to sustainable development, and it is an integral part of Bank's approach to risk management. Our Sustainability framework comprises the Bank's performance standards on Environmental and Social Sustainability. It is a hybrid of the principle and guideline from the Apex Bank on the local front and a combination of the International Finance Corporation (IFC) on the international front.

The Bank uses the Sustainability Framework along with other strategies, policies, and initiatives to direct its business activities to achieve its overall objectives with the participation of all staff. This is achieved through the following :

- Obtaining and sustaining Senior Management buy-in
- Developing Bank wide awareness for E&S
- Incorporating sustainable banking into its Enterprise Risk Management practices
- Making sustainable banking a key part of decision making
- Annual evaluation of the risk maturity and sustainable banking maturity of the institutions

Coronation Merchant Bank's Commitment to Sustainable Banking

The Bank's commitment to sustainable Banking is underpinned under the following:

(a) Provision of loans and credit facilities to projects only where the borrower can comply with our respective social and environmental policies and procedures that implement the Equator Principles.
(b) Promote work life practices that conform with its human right polices.
(c) Render advisory services only to businesses socially responsible and reflect sound environmental management practice. By doing so, negative impacts on project-affected ecosystems and communities would be avoided.
(d) Contribute its quota regularly through Corporate Social Responsibility (CSR) and Sustainability in its strategy by:
(I) Pledging to 'Do No Harm' The Bank will commit to preventing and minimizing the environmentally and/or socially detrimental impacts of our portfolios and operations.
(ii) Coronation Merchant Bank shall be accountable to its stakeholders, particularly those that are affected by the activities and side effects of companies we finance.

Scope of Application

Application of ESG in Coronation Merchant Bank covers the entire spectrum of the Bank's business operations and Activities under the nine cardinals of Environmental and Social (E&S) sustainability as follows:

S/ N	Scope
1.	Our Business Activities* - Environmental and Social Risk Management
2.	Our Business Operations** - Environmental and Social Footprint
3.	Human Rights
4.	Women Economic Empowerment
5.	Financial Inclusion
6.	Environmental and Social Governance
7.	Capacity Building
8.	Collaborative Partnerships
9.	Disclosure and Reporting

Business Activities encompass the provision of financial products and services, including corporate finance, investment banking (advisory, structured lending, and capital trading), equity investments, project finance and advisory, structured commodity finance, trade, leasing, and other direct lending services.

Business operations refer to the undertakings of employees and the physical human capital, assets and infrastructure (e.g., offices, branches, and equipment) that support its activities. This also includes suppliers, contractors, and third-party providers essential to facilitating both Business Operations and Business Activities.

Applicable E & S Standards

Coronation Merchant Bank is committed to complying with national E&S laws and regulations and aims to be consistent with international standards and best practices for E&S risk management. These include:
(a) Nigerian Sustainable Banking Principles (NSBPs)
(b) National environmental, health & safety, and labour laws and regulations;
(c) United Nations Declaration of Human Rights;
(d) ILO Core Labour Conventions; and
(e) IFC Performance Standards (IFC PS) and relevant World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) for all applicable Category A transactions.

Environmental and Social Risk Management (ESRM) Governance Structure

The availability of a clearly defined governance structure for the effective implementation of the E&S risk management framework cannot be over emphasized. The Coronation Merchant Bank's ESRM governance structures are aligned with the existing operating model for the management of other risk categories, particularly credit risk. The ESRM governance structure involves personnel across all segments of the Bank's business.

The Board of Directors has the ultimate responsibility of managing the Bank's exposure to ESG risk. This is supported by the recommendations from the Board Risk Management & Credit Committees. The Management committees, Managing Directors, Chief Risk Officer, Risk Management, Legal and Internal Control/ Audit departments and Strategic Business Units all have clearly defined roles and responsibilities towards achieving the Bank's ESG risk management objectives.

Environmental and Social Risk Management (ESRM) Procedures

The Bank continues to implement a robust Environmental and Social Management System (ESMS) to enhance the predictability, transparency, and accountability of its actions and decision making. An ESMS is a systematic process to assess the E&S risks and opportunities arising from our clients' business activities, manage the Bank's exposure to them, and improve operating efficiency and effectiveness. The ESMS forms part of the Bank's overall Enterprise Risk Management system. It is embedded into the structure, planning activities, responsibilities, practices, procedures, processes, and resources for developing, and maintaining the system. The system offers a more strategic approach, with defined objectives to manage risk in a holistic manner.

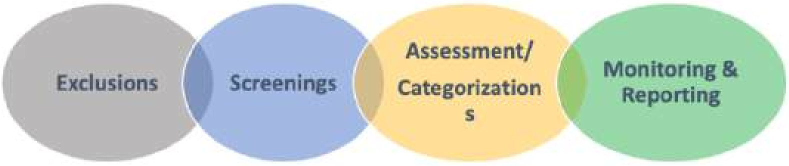
Environmental and Social Risk Due Diligence: E&S due diligence involves the systematic identification, quantification and assessment/evaluation of E&S risks associated with a proposed transaction. This process also helps identify the mitigation measures that are necessary to reduce any environmental and social risks that are identified. E&S due diligence typically includes the following key components:

a. Reviewing available information, records, and documentation related to the E&S risks and impacts of the business activity;
b. Conducting site inspections and interviews with client personnel and relevant stakeholders;
c. Analyzing the business activities, where appropriate in relation to the requirements of the IFC Performance Standards and provisions of the World Bank Group Environmental, Health and Safety Guidelines or other internationally recognized sources, as appropriate; and

d. Identifying any gaps therewith, and corresponding mitigation measures and actions beyond those identified by the client's management practices.

For lending and investment transactions with a defined E&S footprint, the Bank's ESRM requirements apply to the financed activities. Additionally, Coronation MB assesses clients' ability to manage E&S risks across their operations through a Client Risk Assessment.

I. Environmental and Social Risk Screening: The Bank screens all credit facilities/investment against its exclusion list. Coronation Merchant Bank also reviews each proposed advisory activity for environmental and social risk. The E&S risk screening and due diligence process is structured along the following lines:



Rapid E&S Screening includes:

- Confirming compliance with national laws and regulations;
- Identifying any activities on the Exclusion and Referral Lists;
- Screening the Business Activities for inherent sector-based E&S risk;
- Identifying any E&S risk 'red flags' at an early stage to tailor E&S due diligence.

The Bank's exclusion list outlines activities it will not support through the provision of financial products and services. This is a hybrid of IFC's Exclusion list and other items which the Bank shall not finance.
Coronation MB shall not finance the following projects:

- Production or trade in any product or activity deemed illegal under Nigerian laws or regulations or international conventions and agreements. or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.

* Production or trade in weapons and munitions
* Production or trade in alcoholic beverages (excluding beer and wine).
* Production or trade in tobacco.
* Gambling, casinos and equivalent enterprises;
* Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
*Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
* Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
* Production or activities involving harmful or exploitative forms of forced labour /harmful child labour.
* Commercial logging operations for use in primary tropical moist forest.

- * Production or trade in wood or other forestry products other than from sustainably managed forests
- '

II. Environmental and Social Risk Assessment: A more detailed assessment of client's commitment, capacity and track record in managing its E&S risk and impacts is conducted. The client risk assessment would result in high, medium or low client E&S risk rating.

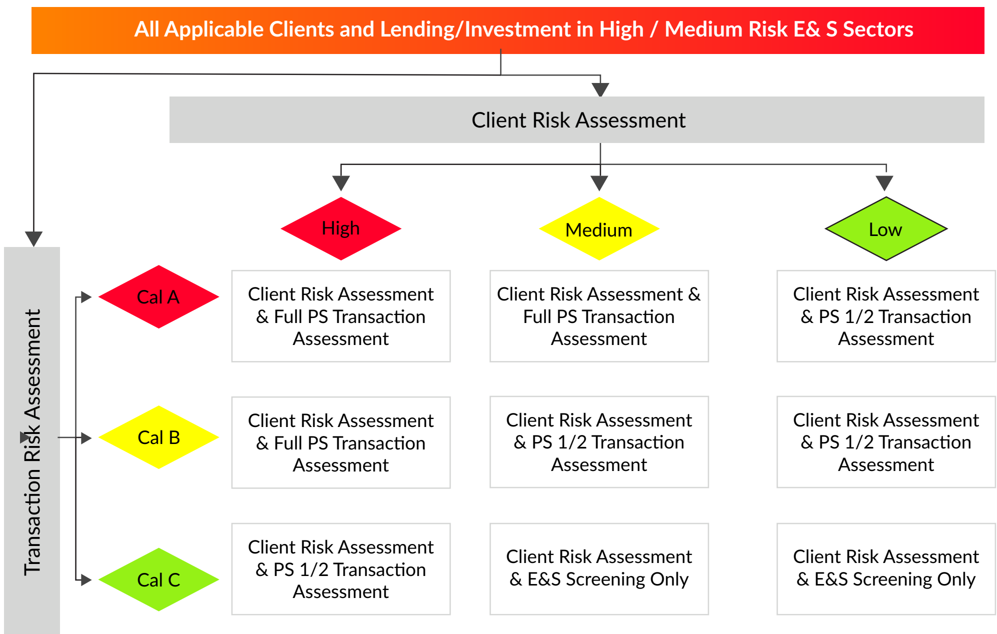
All clients and lending/investment transactions in inherently high E&S risk sector activities will require some level of further E&S due diligence and assessment.

- **Client E&S risk ratings:** The Bank adopts a Client Risk Assessment procedure to assign a Client E&S Risk Rating. This aims to assess the Client's Commitment, Capacity and Track Record for E&S risks and assign a High, Medium or Low client risk rating.

- **Transaction E&S risk categorisation:** The Bank adopts the E&S risk categorization of the IFC: Category A (High), Category B (Medium) and Category C (Low). The categories determine the further E&S assessment required.

RISK RATING	DEFINITION	INTERPRETATION	E & S TREATMENT
A	HIGH RISK	Major or Irreversible E & S Impact	Detailed
B.	MEDIUM/MODERATE RISK	Material but reversible E & S Impact	Moderate
C.	LOW RISK	Minor and reversible E & S LightImpact	Light

The combination of Client E&S risk and Lending/Transaction E&S risk drive the E&S due diligence requirements. The following schematic shows the relationship between Client and Transaction E&S risk and how the E&S due diligence requirements are tailored to the overall risk profile.



iii) Environmental and Social Risk Action Plans:

The Bank documents all findings from the E&S due diligence, which are considered during the decision-making process before proceeding witha transaction. The scope of a corrective action plan to each client is tailored according to the specific risks identified during the E&S duediligence process or during subsequent transaction monitoring. Depending on the nature of E&S risks associated with a client's operations,bank staff may develop a corrective E&S Action Plan with a timeframe for the client to implement appropriate mitigation measures to complywith its E&S requirements.

The purpose of a corrective action plan is to mitigate potential E&S risks in the context of a transaction to unacceptable level for the bank. Corrective action plans range from simple mitigation measures to detailed management plans with actions that can be measured quantitatively or qualitatively. The corrective action plan may include a description of the specific mitigation actions to betaken by the client, a time frame for implementation and a reporting requirement to inform the bank on the status of completion.

IV. Environmental & Social Risk Monitoring and Reporting:

Coronation Merchant Bank's approach to ESRM contains procedures to monitor and measure client compliance with, and progress in, meeting the Bank's E&S standards. Client and transaction E&S risks are recorded and documented to track performance and establish client progress over the life of the loan through regular relationship reviews. Such annual reviews ensure ongoing compliance with the Bank's ESRM policies. Strategic Business Units and Credit/Investment Analysts document the progress of E&S results and, with the support of the E&S Officer, identify any necessary corrective and preventive actions for clients or the Bank. Once a transaction has been approved, the Bank monitors the client's ongoing compliance with the E&S clauses stipulated in the legal agreement. E&S risks or compliance status may change from the time of transaction approval. E&S portfolio monitoring is done for all Category A and B transactions. The monitoring process generally involves a review of periodic E&S performance reports submitted by the client and regular site visits of the client's operations.

Coronation Merchant Bank's E&S footprint management programme

Business Operations

The Bank seeks to avoid, minimize, or offset the negative impacts of its Business Operations on the environment and in the local communities where it operates, and where possible promote positive impacts.
To the above end, it strives to:

- Promote the efficient use of materials and resources such as energy and water
- Ensure compliance with applicable labour and social standards in its operations
- Incorporate national goals for economic and social development into the Bank's community investment programs.
- Encourage the application of sustainable principles by its vendors.

The Bank has a commitment to manage the footprint associated with its internal operations. This commitment includes implementing global best practices in environmental and social management with the objective of achieving carbon neutrality in its operations. This commitment shall be inculcated among staff through sustainability banking awareness and maturity evaluation. The progress in this regard will be tracked using the performance measurement metrics.

Human Rights

The Bank recognizes its responsibility to humans within and outside of the institution and shall continuously seek to uphold and respect human rights aswell as comply with national and internationally recognized human rights and labor standards and conventions in the conduct of its business operations.

- The following actions underpin the achievement of its human rights responsibility:
- Development and implementation of an effective Human Rights Policy
- Development and implementation of an effective grievance and dispute resolution mechanism guided by the Grievances Policy
- Development and implementation of a Sexual Harassment Policy
- Periodic review and communication to employees about the availability and applicability of these policies

- Integration of Human Rights due diligence into E&S Procedures
- Investment in resources, and training of staff on Human Rights issues.

This responsibility is to help the Bank avoid infringing on the human rights of others and to address adverse human rights impacts business may cause. Meeting this responsibility also means creating access to an effective grievance mechanism that can facilitate early indication of, and prompt remediation of various project-related and/or work-related grievances.

Capacity Building:

Coronation Merchant Bank actively educates staff on its social and environmental management policies through regular training and awareness programs. Employees receive ongoing training—internally or via third-party providers on E&S risk management, human rights, and integrating sustainability into decision-making. The E&S Officer, supported by HR, leads these initiatives, including quarterly sensitization via emails and bulletins.

The Bank participates in the Central Bank of Nigeria's monthly Sustainability Steering and Champions Industry meetings to enhance sector-wide E&S risk management. During the review period, Coronation Merchant Bank hosted the Sustainability Industry meeting and, in collaboration with IN-CSR, conducted training on embedding sustainability in corporate strategy. Additionally, a training session with Ernst & Young was held for Senior Management on IFRS S1 and S2 Sustainability Standards, positioning the Bank as an early adopter of sustainability disclosure standards.

Women Economic Empowerment & Gender Equality Consideration:

At Coronation MB, there's a firm believe that women play a crucial role in achieving sound economic growth and poverty reduction. The Bank also recognizes that women are effective and efficient managers of resource. They are an essential part of private sector development thus the Bank expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts.

Generally, women are often prevented from realizing their economic potential because of gender inequity and it is in the light of this, that the Bank is open to creating opportunities for women through programs/activities against gender inequality. The Bank leads by example in this regard by setting its sustainability women empowerment matrix to peg the ratio of women to total work force at 35% while same ratio for senior management was pegged at 40%. The Bank does not discriminate against women and shall assess customers to ensure they do not.

At Coronation MB, a fully operational gender inclusive workplace culture is practiced across its business Operations. The Bank promotes women's economic empowerment by providing an enabling environment for women to work, thrive and grow in their careers. The bank strives to ensure that women are favorably represented at all levels of the bank's structure, from the board, to the management team and the whole workforce. The bank has a gender diversity policy which ensures all employees are treated fairly and equally regardless of their gender, sexual orientation, family status, race, color, nationality, ethnic or national origin, religious belief, age or physical challenge.

In the financial year, the following were recorded:

- percentage of female employees to total employees – 54%
- percentage of females in management positions– 16%
- percentage of females on the Board of Directors – 30%

The Bank recognizes that women are effective and efficient managers of resource. They are an essential part of private sector development thus the Bank expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts.

The Bank participates in the Central Bank of Nigeria's monthly Sustainability Steering and Champions Industry meetings to enhance sector-wide E&S risk management. During the review period, Coronation Merchant Bank hosted the Sustainability Industry meeting and, in collaboration with IN-CSR, conducted training on embedding sustainability in corporate strategy. Additionally, a training session with Ernst & Young was held for Senior Management on IFRS S1 and S2 Sustainability Standards, positioning the Bank as an early adopter of sustainability disclosure standards.

Clients Collaboration

The Bank shall strive to accomplish the overall goal of sustainability banking by collaborating with clients who identify and manage E&S risks and who pursue E&S opportunities and outcomes in their business activities with a view to continually improving their sustainability performance. Coronation MB recognizes the relationship between a strong culture of sustainability performance, culture, and programs to promote same.

The Bank already has an existing relationship with the Nigerian Sustainable Banking Principle steering committee leveraging on the experience of its members to drive the project in house.

In line with international best practices, the Bank shall jointly undertake with its clients being financed, measures to implement acceptable performance standard with regard to E&S issues.

The drive for sustainability, environmental and social issues however starts with internal collaboration. To this end, Bank's management and Board of Directors play important roles in driving risk management and sustainable growth. This approach will help improve the financial, social, and environmental sustainability of investments, and enhances the public trust in its operations.

Collaborative Partnerships

The Bank leverages on national and international partnerships to accelerate the implementation and growth of sustainable banking. The collaboration with international partners helps us gauge alignment with international standards and global best practices

The Bank is presently an active participant in the Nigerian Sustainable Banking Principles steering committee leveraging on the knowledge that abounds amongst the pioneers of sustainability in the banking industry. The Bank shall also work towards international affiliations and solicit both pro bono and paid services to experts for seminars and presentations on environmental and social risk management.

Information Disclosure:

Coronation Merchant Bank practices disclosure of its environmental and social activities, and the efforts being made to improve the risk management policies regarding these issues. The bank is committed to regular review of its activities and reporting the progress made to achieving the principles of sustainable banking in Nigeria. Currently, the bank does routine reviews of business activities and prepares a bi-annual report to the Central Bank ofNigeria which shows the current state of affairs with regards to environmental and social footprints. The Bank is also a member of the Nigeria Sustainable Banking Steering Committee that is charged with coordination and sharing of sustainable banking related information in the Nigeria banking sector. At the end of every financial year, the sustainability banking report forms part of the Bank's annual financial reports. This recognizes the importance of disclosure of information, both for itself and its clients, as a means of managing environmental, social, and governance risks. The Bank regularly reviews and reports its progress in meeting the principles of disclosure at the individual, institution, and sector level.

CORPORATE **INFORMATION**

Corporate Information as at December 31, 2024

Company Secretary
Mr. Stanley Ubani

Registered Office
Coronation House
10 Amodu Ojikutu Street,
Victoria Island,
Lagos, Nigeria

crc@coronationmb.com
https//www.coronationmb.com

Auditors
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island, Lagos

RC No. 207138
FRC Registrar No.
FRC/2012/0000000000246

DIRECTOR'S **REPORT**

The Directors are pleased to present their report on the affairs of Coronation Merchant Bank Limited ("the Bank"), together with the Bank's audited financial statements and the external auditors' report for the financial year ended December 31, 2024

1. Legal Form

The Bank was first incorporated in Nigeria as a private limited liability company on October 22, 1992 and received the Central Bank of Nigeria's ("CBN") license to operate as a discount house on July 30, 1993. On August 2, 1993, it commenced business as Associated Discount House Limited ("ADHL"). Due to regulatory imperative, ADHL sought and obtained a merchant banking license on April 22, 2015 and commenced operations on July 1, 2015.

2. Strategic Direction

- To be the most efficient and profitable bank in the merchant banking space with a lean and highly productive workforce.
- To leverage technology to drive operational excellence.
- To develop specialist capabilities required for an investment bank of reference.
- To maintain strong corporate governance and high ethical business practices.

3. Principal Activities and Business Review

The Bank is primarily engaged in the following activities:
- Corporate Banking
- Investment Banking
- Global Markets and Treasury
- Financial Institutions
- Private Banking, Affluent Banking and Wealth Management
- Public Sector and Business Banking
- Products & Channels

4. Ownership of the Bank

As at December 31, 2024, the shareholding structure of the Bank consisted of 14 institutional investors with the details and holdings shown below:

S/N	Shareholders	As at December 2023		As at December 2024	
		% Holding	No. of Shares	% Holding	No. of Shares
1	Coronation Insurance Plc	24.10%	1,799,958,480.00	23.33%	1,799,958,480.00
2	Marina Mars Principal Investments Ltd	24.00%	1,792,709,302.00	23.24%	1,792,709,302.00
3	Coronation Capital (Mauritius) Limited	14.07%	1,051,240,060.00	13.63%	1,051,240,060.00
4	Coronation Registrars Limited	8.54%	637,494,273.00	8.26%	637,494,273.00
5	Coastal Properties Limited	5.05%	377,358,491.00	7.93%	611,830,183.00
6	Barracuda Capital Partners Limited	5.11%	381,662,123.00	4.95%	381,662,123.00
7	DTD Holdings Limited	4.74%	353,912,105.00	4.59%	353,912,105.00
8	Mikeade Investment Company Limited	3.79%	283,018,868.00	3.67%	283,018,868.00
9	Cream Cowry Links Limited	3.55%	265,434,079.00	3.44%	265,434,079.00
10	Afdin Construction Limited	2.53%	188,679,245.00	2.45%	188,679,245.00
11	TrustBanc Holdings Limited	2.25%	168,253,300.00	2.18%	168,253,300.00
12	Tigrine Technologies Limited	1.10%	81,887,030.00	1.06%	81,887,030.00
13	Tropics Finance & Investment Limited	0.92%	68,449,624.00	0.89%	68,449,624.00
14	Tonibso Limited	0.25%	18,867,925.00	0.38%	29,492,676.00
	Total	**100%**	**7,468,924,905.00**	**100%**	**7,714,021,348.00**

The Bank embarked on a rights issue in 2023, through which it raised a total of N9,249,912,387.54 by allotting 2,612,969,601 units of ordinary shares. Out of this sum, the CBN approved the sum of N8,382,270,978.01 raised from 2,367,873,158 units of ordinary shares, while declining the sum of N1,867,641,409.53 raised from 245,096,443 units of ordinary shares. The Bank provided further information to the CBN for approval of the declined funds, and this was approved in 2024 and considered in the current holding as at the date of these financial statements.

5. Analysis of the Shareholding Structure

The shareholding pattern of the Bank as at December 31, 2024 was as follows:

Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholding
10,000,000 – 50,000,000	1	7.14	29,492,676	0.38
50,000,001 – 100,000,000	2	14.29	150,336,654	1.95
100,000,001 – 150,000,000	0	0.00	0	0.00
150,000,001 – 200,000,000	2	14.29	356,932,545	4.63
200,000,001 – 250,000,000	0	0.00	0	0.00
250,000,001 – 300,000,000	2	14.29	548,452,947	7.11
300,000,001-400,000,000	3	21.43	735,574,228	9.54
400,000,001 and above	4	28.57	5,893,232,298	76.40
	14	**100**	**7,714,021,348**	**100**

6. Substantial Interest in Shares

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

Range	Shareholder	Number of Shares Held	% of Shareholding	Number of Shares Held	% of Shareholding
		December 31, 2024		December 31, 2023	
1	Coronation Insurance Plc	1,799,958,480	23.33	1,799,958,480	24.1
2	Marina Mars Proprietary Investment	1,792,709,302	23.24	1,792,709,302	24
3	Coronation Capital (Mauritius) Limited	1,051,240,060	13.63	1,051,240,060	14.07
4	Coronation Registrars Ltd.	637,494,273	8.26	637,494,273	8.54
5	Coastal Properties Limited	611,830,183	7.93	377,358,491	5.05

7. Directors and Their Interests

The Directors who served during the year, together with their direct and indirect interests in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors, are noted below:

Number of Ordinary Shares of N1.00 each held as at:				
	December 31, 2024		December 31, 2023	
Director	Direct	Indirect	Direct	Indirect
B. Folawiyo (Chairman)	-	353,912,105	-	353,912,105
L. Ettah (Non-ED)	-	381,662,123	-	381,662,123
E. Oputu (Non-ED)	-	-	-	-
A. Atta (Non-ED)	-	-	-	-
I. Ogan (Non-ED)	-	-	-	-
O. Fayokun (Independent)	-	-	-	-
O. Akindele (Non-ED)	-	-	-	-
O. Tiamiyu (Independent)	-	-	-	-
A. Owolabi (Independent)	-	-	-	-
P. Abiagam (Ag MD/CEO)	-	-	-	-

8. Details of Indirect Holdings of Directors

The indirect holdings of directors in the company are as follows:

SN	Name	Company	Indirect Holdings	Total Indirect Holding
1	Babatunde Folawiyo	DTD Holdings Ltd	353,912,105	353,912,105
2	Larry Ettah	Barracuda Capital Partners Ltd	381,662,123	381,662,123

9. Directors' Remuneration

The Bank ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with S. 11.1 of the CBN Corporate Governance Guidelines 2023 ("the Guidelines"), the Bank discloses the remuneration paid to its directors as follows:

Type of Remuneration	Description	Timing of Payment
Fixed Pay	The Executive Directors receive a fixed pay, which comprises a basic salary and other salary components that form part of the gross salary package for Executive Directors. The pay structure reflects the Banking industry's competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid monthly during the financial year.
Other Allowances and Benefits-in-Kind.	Part of the gross salary package for Executive Directors only. It reflects the Banking industry's competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid at periodic intervals during the financial year
Productivity Bonus	Paid to Executive Directors only and tied to the performance of the line reports. It is also a function of the extent to which the Bank's objectives have been met for the financial year.	Paid annually in arrears.
Equity	Up to 1% of issued equity at the net asset value approved by the Board.	This is to be treated in line with the Bank's Long-term Incentive Policy.
Directors' Fees	Paid to Non-Executive Directors only.	Paid Annually.
Sitting Allowances	Allowances paid to Non-Executive Directors only for attending Board and Board Committee meetings.	Paid after each Meeting.

10. Retiring Directors

There was no retirement of directors from the Board in 2024. However, 2 Executive Directors of the Bank, Mrs Funke Feyisitan Ladimeji & Mr Banjo Adegbohungbe resigned from the board in October 2024.

11. Directors Retiring by Rotation

The Directors to retire every period shall be those who have been in office the longest since their last appointment. In accordance with the provisions of Section 285 of the Companies and Allied Matters 2020 and the Memorandum and Articles of Association of the Company, Mr. Idaere Gogo Ogan, Ms. Olubunmi Fayokun, and Mr. Adamu Atta shall retire by rotation and, being eligible, have offered themselves for re-election. The directors have continued to demonstrate commitment to their roles as Non-Executive Directors, and the Board is convinced that they will continue to add value to the Bank.

12. Directors' Interests in Contracts

For Section 303 of the Companies and Allied Matters Act 2020, the Board did not receive any declaration of interest from any director during the financial year in respect of any transaction or contract with the Bank.

13. Property and Equipment

Information relating to changes in property and equipment is given in the notes to the Financial Statements. In the Directors' opinion, the net realizable value of the Bank's property and equipment are not less than the carrying value shown in the Financial Statements.

14. Donations

The Bank identifies with the aspiration of the community and the environment in which it operates. To this end, the Bank made donations to the following charitable and non-charitable organizations during the year:

S/N	Purpose	Amount(N'000)	
		2024	2023
1	Association of Professional Women Bankers	-	1,500
2	Sponsorship of the 2024 Annual Bankers Committee & Retreat Funding	4,215	-
3	Financial Literacy and Inclusion	8,880	-
4	Eko Summit Sponsorship	50,000	1,167
5	West Africa Capital Market Conference (WACMAC) sponsorship	-	38,000
6	The Lord Mayor's Show	-	8,000
7	Sponsorship of Annual Banker Conference	12,800	-
8	Prince's Trust International	12,500	-
9	Image Impressions sponsorship of exhibition and dinner	-	1,989
10	Sponsorship of 50th founders' day FGC Ilorin	-	5,000
11	Annual Bankers Dinne	8,500	5,000
12	Donation to Ovie Brume Foundation	-	2,000
13	**Total**	**96,895**	**62,656**

15. Post Balance Sheet Events

There were no significant events after the balance sheet date.

16. Human Resources

I. Diversity in Employment

The Bank operates a non-discriminatory policy in considering employment applications. The Bank's policy requires the recruitment of the most qualified and experienced individuals for appropriate job levels, regardless of the applicant's state of origin, ethnicity, religion, gender, or physical condition.

As part of our commitment to gender diversity, the Bank's Gender Diversity Policy is designed to address gender equality within the Bank and actively facilitate a more diverse and representative workforce across the management structure. As a result of a deliberate implementation of this Policy, the Bank has continued to maintain a commendable gender balance in its staff strength.

ii. Composition of Employees by Gender as at December 31, 2024

Gender	Number
Female	72 (50.7%)
Male	70 (49.3%)
Total	142 (100%)

III. Senior Management Composition by Gender

The Bank's senior management refers to employees in the positions of Assistant General Manager and above. As at 31 December 2024, the Bank had 10 senior management employees broken down as follows:

Level	Female	Male	Total	% Female	% Male
AGM - GM	1	8	9	11.1	88.9
ED – MD/CEO	0	1	1	0	100
Total	1	9	10	10	90

IV. Composition of Board Members by Gender

The Bank's senior management refers to employees in the positions of Assistant General Manager and above. As at 31 December 2024, the Bank had 10 senior management employees broken down as follows:

Gender	Number	%
Female	3	30
Male	7	70
Total	10	100

The Bank achieved a 10% female representation at the Senior Management level and 30% female representation on the Board in the 2024FY. Deliberate steps are being taken to address the gaps.

V. Employment of Disabled Persons

In the event that any employee becomes disabled during the course of employment, the Bank will endeavour to arrange appropriate training to ensure the continued employment of such employee without subjecting them to any disadvantage in career development.

As at 31 December 2024, the Bank had no physically disabled person in its employment.

VI. Health, Safety and Welfare of Employees

The Bank maintains business premises designed to ensure the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Additionally, the Bank retains top-class hospitals for the provision of medical services to its employees and their immediate families under its Health Insurance Scheme.

Fire prevention and fire-fighting equipment are installed in strategic locations within the office premises. The Bank operates both a Group Personal Accident and Workmen's Compensation Insurance for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 for its employees.

VII. Training of Employees

The Bank encourages employee participation in decision-making regarding matters affecting their well-being. The Bank places a high premium on the development of its manpower and sponsors its employees for various training courses. The Competency Framework, Succession Plan, and the Key Talent Management Framework drive our learning interventions. We also continue to develop subject matter experts internally who can drive internal learning. The internal trainings were administered through a combination of in-person training and the use of the Bank's Learning Management System.

VIII. Statement of Commitment to Maintain a Positive Work Environment

The Bank shall strive to maintain a positive work environment that is consistent with best practices to ensure that its business is conducted positively and professionally as follows:

- Equal opportunity is given to all qualified members of the Bank's operating environment.
- The Bank maintains business premises designed to guarantee the safety and healthy living conditions of its employees and customers alike.
- Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals for provision of medical services for its employees and their immediate families under its Health Insurance Scheme.
- Fire prevention and fire-fighting equipment are installed in strategic locations within the office premises.
- The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 for its employees – contributing 50% more than the statutory requirement.

IX. Staff Remuneration Policy

The Bank has established a remuneration policy aimed at attracting and retaining the best talent in the industry. To achieve this, the Bank seeks to position itself among the best-performing and best employee-rewarding companies in its industry. The policy's objective is to ensure that salary structures, including short-term and long-term incentives, motivate sustained high performance and are closely linked to corporate performance.

X. Managers' Remuneration

S.238 and S.257 of CAMA 2020 require the Bank to disclose the remuneration of Managers to members at the Annual General Meeting as an ordinary business. For this disclosure, Managers include employees on the grade of Assistant General Managers and above. In compliance with the above provisions, the Bank's Managers were paid a total of N586,271,221.04 in 2024, excluding other benefits, bonuses, and allowances. The entire package reflected the Banking industry's competitive salary package and the extent to which the Bank's objectives have been met for the financial year.

17. Credit Ratings

The CBN prudential guidelines require banks to be rated by a credit rating agency regularly. It is also necessary that the credit rating be updated annually and disclosed in the banks' annual reports.

In assessing the Company's compliance with Corporate Governance Best Practice, Agusto & Co, Nigeria's foremost rating agency, affirmed the "BBB" rating assigned to the Bank, which reflected a sustained zero impaired loan position, improving profitability, and strong shareholder support, evidenced by the successful injection of ₦8.4 billion in tier 1 capital through a rights issue in 2023.

In the 2024 rating by Fitch Ratings Inc., the Bank's previous ratings were upgraded from a Long-Term Issuer Default Rating (IDR) of 'CC' to 'B-' with a Stable Outlook, a Viability Rating (VR) of 'B-', and to a National Long-Term Rating of 'B+(nga)' from 'BBB- (nga)'. The upgrades reflect Fitch's conviction that the previously highlighted funding instability risks have receded due to the strengthening of the Bank's capital and improvement in its profitability.

Additionally, GCR Ratings affirmed the Bank's national scale long-term and short-term issuer ratings of BBB-(NG) and A3(NG), respectively, with its outlook maintained as Negative.

18. Disclosure Of Customer Complaints In Financial Statements For The Year Ended December 31, 2024

In line with CBN's circular referenced FPR/DIR/CIR/GEN/01/020, the Bank received, processed and resolved a total of 30 customer complaints during the period. The details of the Complaints, including the underlying triggers are provided in the report on customers' complaints.

19. Dividends

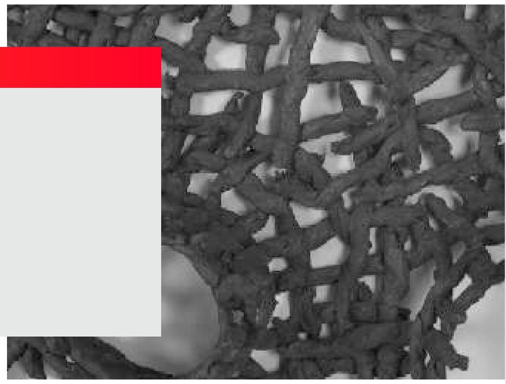
Although the Bank's financial performance significantly improved in 2024 compared to the previous years, the Board of Directors has elected to capitalise its 2024 profit towards compliance with the new capital requirement advised by the CBN for merchant Banks in Nigeria. Accordingly, the Bank will not be proposing any dividend to shareholders. The Board is, however, confident that the implementation of the Bank's strategies will culminate in profitability and payment of dividends from the 2025 FY.

20. Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Bank. In accordance with Section 401(2) of the Companies and Allied Matters Act, 2020, the auditors will be re-appointed at the next annual general meeting of the Bank without the need for a resolution to be passed.

BY ORDER OF THE BOARD

Stanley Ubani
Company Secretary
FRC/2021/002/00000025010



CORPORATE **GOVERNANCE REPORT**

Coronation Merchant Bank Ltd ("Coronation Merchant Bank", "Coronation MB", "the Company" or "the Bank") recognizes that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure through which the Company's objectives are set and the means of attaining those objective.

The Bank's governance framework has been designed to ensure ongoing compliance with the existing Corporate Governance Guidelines issued by the Central Bank of Nigeria (CBN), other relevant CBN Circulars, the Securities and Exchange Commission's Codes of Best Practice, and the Nigerian Code of Corporate Governance 2018 ("the NCCG"), which have all been incorporated into Coronation Merchant Bank corporate governance practices.

Guided by our core values of excellence, innovation, leadership, passion for customers, professionalism and empowered employees, we strive to demonstrate transparency, accountability, high ethical standards, and discipline in our dealings with our various stakeholders. These values continually define our corporate behavior.

Coronation Merchant Bank is committed to best practice in all areas of corporate governance, which includes strict performance monitoring, the careful appointment of experienced and capable directors, outlining the roles of Board Committees, and engagement with key stakeholders on issues that require wider consultations. The Bank is governed under a framework that enables the Board to discharge its oversight functions while providing strategic direction to the Bank in a manner that complies with applicable regulations.

Directors Profile

Babatunde Folawiyo
Chairman, Board of Directors

Babatunde Folawiyo is the Chairman/Chief Executive Officer of the Yinka Folawiyo Group, a conglomerate with interests in energy, agriculture, shipping, and real estate.

The Group consists of many companies such as:
- Yinka Folawiyo Petroleum with an interest in an oil-producing field outside of the Niger-Delta in Nigeria.
- Folawiyo Energy Limited, which, in partnership with Glencore Energy, runs a world-class petroleum storage facility.

His entrepreneurial and board experience are also evident in his current stewardship at La Vallee Energy Services Limited, an indigenous subsea company; Temple Management Company, a full-service creative talent and event management firm; T1 Marine Services Limited, a marine support service provider to the Nigerian offshore oil and gas industry; Pave Investments Limited, a private equity and venture capital provider to companies in the technology space.

Mr. Folawiyo served in the past as a Non-Executive Director in MTN Nigeria (2001-2019), Ecobank Mali (2000 -2005), and Access Bank Plc, where he retired meritoriously after his statutory 12-year term.

As a consummate international businessman, his acumen for strategic alliances led to his appointment as the Honorary Consul of Barbados in Nigeria. In addition, he serves as a Director of Inaugure Hospitality Group which aims to redefine the hospitality business in West and Central Africa. He is a fellow of the Duke of Edinburgh's World Fellowship and a member of the Global Advisory Board of the African Leadership Academy, a Pan-African institute dedicated to developing and mentoring new generations of African leaders. He is also Chairman of Global Citizens Nigeria, an international movement dedicated to eliminating extreme poverty in the world .

Mr. Folawiyo is a Barrister of the Inner Temple of England and Wales and a member of the Nigerian Bar Association since 1986.

He is the Chairman of the Board of Directors of Coronation Merchant Bank Limited..

Mr. Larry Ettah
Non-Executive Director

Mr. Ettah is the Executive Chairman of Barracuda Capital Partners Limited, a firm he founded after retiring as the Group Managing Director and Chief Executive Officer of UAC of Nigeria Plc (UACN) in 2018.

He holds a B.Sc. degree in Industrial Chemistry (1985) and an MBA (1988), both from the University of Benin. He is a graduate of the renowned Executive Programme of Ross School of Business, University of Michigan. He has also attended Executive Education Programmes at the Graduate School of Business, Stanford University, Harvard Business School, USA, IMD Lausanne, Switzerland, University of Oxford, United Kingdom, and Institut Européen d'Administration des Affaires, Fontainbleau, France ("INSEAD"). He began his career as a Management Trainee at UACN in 1988 and ascended to the board of UACN in 2004. Before his promotion to the position of Group Managing Director, he held several senior management positions in UACN. Before his retirement in December 2017 as Group Managing Director of UACN, he chaired the following companies: UAC Property Development Company Plc (UPDC), Chemical & Allied Products Plc (CAP), Portland Paints & Products Nigeria Plc, Livestock Feeds Plc and UNICO CPFA. He was also a Non-Executive Director of Grand Cereals Limited. He equally chaired Pro-Health HMO.

Some of his numerous achievements include being elected President of the Nigeria Employers' Consultative Association (NECA) and Vice President (Multinationals) of the Manufacturers Association of Nigeria (MAN). Also, he is a past council member of the Lagos Chamber of Commerce & Industry (LCCI). He currently serves as a Non-Executive Director on the Board of Apple & Pears Limited.
Mr. Ettah is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Credit and Investment Committee (Chairman)
- Board Governance and Nominations Committee
- Board Risk Management Committee.

Ms. Evelyn Oputu
Non-Executive Director

Ms. Oputu is a retired and accomplished banker with over 38 years of banking experience. Before her retirement in 2014 as the Managing Director of the Bank of Industry, Ms. Oputu had worked in several banks in Nigeria, including commercial, merchant, and industrial banks, such as Icon Merchant Bank, International Merchant Bank, and First Bank of Nigeria PLC, where she left as an Executive Director. Within the period, she gained significant experience in credit and marketing, corporate finance, corporate banking, and investment banking, among others.

She served in the public service as the Chairperson of the Committee on the Financial Management of Aviation Parastatals and as a member of the National Directorate of Employment between 1987 and 1989. She is currently pursuing her entrepreneurial interests in insurance, mining, consultancy, manufacturing, oil and gas, agriculture, and real estate developments through companies she promoted, namely, Kes Products Limited, Ese Farms Limited, Chalot Properties Limited, and Ndali Consultants.

Ms. Oputu is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Risk Management Committee (Chairman)
- Board Audit Committee
- Board Credit and Investment Committee

Mr.Adamu Atta
Non-Executive Director

Mr. Atta founded Matad Group Nigeria Limited ("Matad"), a firm through which he has gained over twenty years' experience consulting for various businesses in socio-economic and feasibility studies, analysis, and diagnostic reviews. Under his leadership, Matad continues to evolve and provide bespoke consulting services, funded by the World Bank, African Development Bank, Department for International Development, and the United Nations Development Programme, among others.

He has several years of experience chairing and serving on numerous boards, including WAPIC Insurance Plc, Coronation Merchant Bank Limited, Cinafindev Nigeria Limited, UNITEK Modular Builders Nigeria Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited, Supertex Limited, the Nigerian Tourism Development Corporation, and the Nigerian Industrial and Competitiveness Advisory Council, among others.
The Federal Government of Nigeria appointed him to serve on the board of the Nigerian National Petroleum Corporation on May 30, 2020, for a term of three years.
Mr. Atta has been appointed to various committees in the oil, gas, and textile industries, as well as to the Nigerian Business Forum by the Federal Government of Nigeria. He has also played a role in the work of the Nigerian Extractive Industry Transparency Initiative (NEITI) and was involved in the development of the accounting model, which tracks progress in the oil and gas industries.

He is a member of the Nigeria Business Forum.

Mr. Atta is a member of the following Board Committees of Coronation Merchant Bank:

- Board Risk Management Committee
- Board Governance and Nominations Committee
- Board Credit and Investment Committee

Mr. Idaere Gogo Ogan

Non-Executive Director

Mr. Idaere Gogo Ogan earned his first degree in Economics from the University of Port Harcourt and an MBA from Middlesex Business School in the United Kingdom. He began his career at All States Trust Bank, refining his skills as a Business Development Manager. Transitioning to Guaranty Trust Bank PLC, he ascended to managerial ranks, overseeing the Household and Pharmaceutical desk of the Corporate Banking Group. In 1998, he founded Calvary Group, consistently surpassing targets with entities such as Cordero Engineering, Becca Petroleum & Gas, and Calvary Travel Logistics services.

Mr. Ogan's leadership extends to various boardrooms, providing strategic guidance to entities such as Coronation Merchant Bank Limited, Marina Securities, and STACO Insurance PLC. He chairs the board of Coronation Registrars Ltd and is a Ranking Member of Access Bank Shareholders' Audit Committee for 20 years. Committed to continuous learning, he has enriched his skills through programs at esteemed institutions worldwide, including INSEAD, IMD, Harvard, Yale, Columbia, Stamford, M.I.T., Wharton, and the University of Chicago Business schools.

He served as the pioneer Chairman of the Governing Board of the Nigeria Mid-Stream and Down-Stream Petroleum Regulatory Authority (NMDPRA). He was recently appointed Chairman of the Board of the Niger Delta Chambers of Commerce, Industry, Trade, Mines, and Agriculture (NDCCITMA). A dedicated humanitarian, Mr. Ogan actively supports community initiatives, emphasizing causes such as breast cancer awareness, entrepreneurship, and youth peace initiatives.

Mr. Ogan is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Audit Committee.
- Board Risk Management Committee.
- Board Credit and Investment Committee.

Ms. Olubunmi Fayokun

Non-Executive Director (Independent)

Ms. Olubunmi Fayokun, a Barrister with a Bachelor of Laws (LL.B.) degree, is a Senior Partner in the law firm of Aluko & Oyebode, a member of the firm's management board, and heads the firm's capital markets and M&A practice groups. Before joining the firm, she served as the Legal Adviser and Company Secretary of Denham Management Limited.

Ms. Fayokun's career spans over three decades during which she has represented a highly diversified clientele of top-tier indigenous, international, and multinational companies in various sectors, including Banking, oil and gas, FMCG, power, aviation, and insurance. She is recognized in Who's Who Legal as one of the world's leading lawyers in M&A, Capital Markets, and Energy & Natural Resources and has consistently been ranked a Leading Lawyer in IFLR1000 - The Guide to the World's Leading Financial Law Firms. IFLR1000 also recognises her as one of 300 Women Leaders considered to be among the best global transactional specialists in their markets and practice areas.

Ms. Fayokun has served on various committees established by the Securities and Exchange Commission to promote the development of the Nigerian capital market, including the CMC Rules and Compliance Sub-committee, the CMC Sub-committee for the rejuvenation of the Nigerian Bond Market, and the CMC Market Infrastructure Sub-committee. She is a member of the BusinessDay Legal Business Advisory Board and was previously a Council Member of the Nigerian Bar Association Section on Business Law. She was the Director of the Association of Issuing Houses of Nigeria, a former Treasurer of the Capital Markets Solicitors' Association. She played a pivotal role in the establishment of the Nigerian Association of Securities Dealers (NASD) OTC market.

Ms. Fayokun is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Governance and Nominations Committee (Chairman).
- Board Audit Committee.
- Board Credit and Investment Committee
- Board Risk Management Committee.

Mr. Olukayode Akindele

Non-Executive Director

Mr. Olukayode Akindele graduated with a BA Hons Degree in Philosophy, Politics, and Economics from the University of Oxford in 2001. He worked first at PricewaterhouseCoopers (PwC) in London as an Audit & Assurance Associate in the Banking & Capital Markets division and then at Lloyds Banking Group as a Manager/Associate Director in the Risk Solutions Team within the Financial Markets Division.

In 2006, he assumed the role of Vice President/Assistant General Manager at UBA Global Markets (now United Capital) in Lagos, initially as Head of the Sales & Structuring Team and later as Head of the Capital Markets, M&A, and Structuring teams. As a Co-Founder and Partner in TIA Capital, a pan-African focused investment firm, a credit fund was successfully raised and invested under the UK FCA-regulated 46 Parallels brand, a joint venture with a UK-based family office. Since 2015 TIA Capital has invested over $500million in the Sub-Saharan African region as a sub-advisor to a large global multi- strategy fund, as well as advising other clients on their investments in the region. From May to June 2015, he served as a Technical Assistant/Subject Matter Expert in the Economy & Finance Sub-Committee of President Muhammadu Buhari's Presidential Transition Committee. He is currently the Managing Partner of Coronation Capital Limited.

Mr. Akindele is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Governance and Nominations Committee.
- Board Credit and Investment Committee.
- Board Risk Management Committee.

Mr. Olayinka Tiamiyu

Non-Executive Director (Independent)

Mr. Olayinka Tiamiyu graduated with a B.Sc. Hons Degree in Petroleum Engineering and an M.Sc. in Industrial Engineering, both from the University of Ibadan in 1986 and 1990, respectively. In the year 2000, he obtained an MBA from the University of Lagos. He is a fellow of the Institute of Chartered Accountants of Nigeria ("ICAN"), a senior honorary member of the Chartered Institute of Bankers, and an associate of the Chartered Institute of Taxation of Nigeria.

Mr. Tiamiyu began his illustrious career, spanning over 32 years, at Arthur Andersen in 1990 as an Audit Assistant. He left Arthur Andersen in 1994 as an Audit Senior to join First Marina Trust Bank Ltd in 1994 and subsequently Access Bank Plc in 1999. He spent a total of approximately 22 years at Access Bank Plc, where he headed several functions, including Financial Control, Strategy, Systems and Controls, Credit Risk Management, and Internal Audit. Mr. Tiamiyu retired from Access Bank Plc in September 2022 as the General Manager in charge of Group Internal Audit.

He attended management development courses at Harvard, INSEAD, IMD, and the Wharton Business School and served as Chairman of the Association of Chief Audit Executives of Nigeria between 2018 and 2022.

Mr. Tiamiyu was appointed as an independent Non-Executive Director of Coronation Merchant Bank in July 2023 and is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Audit Committee (Chairman).
- Board Governance and Nominations Committee.
- Board Credit and Investment Committee
- Board Risk Management Committee..

Mr. Adetola Owolabi

Non-Executive Director (Independent)

Adetola Owolabi earned a B.Sc. in Business Administration from the University of Lagos in 1997 and an MBA from the University of Liverpool in 2009. She spent 17 years in relationship management at Guaranty Trust Bank PLC, specializing in structuring complex commercial credit transactions and international trade finance. Throughout her tenure, she excelled in various roles, managing portfolios across multiple business districts and achieving significant growth in profitability. She eventually served as Group Head of the Commercial Banking Group, overseeing major commercial Banking clients in the Lagos area. Her last position at the Bank was Assistant General Manager and Group Head of the Bank's Maritime Group.

Mrs. Owolabi has participated in several management courses both in Nigeria and abroad including at Harvard Business School, Boston, USA (2005), Columbia University Graduate School of Business, USA (2008), IMD, Switzerland (2011), NYU Stern (2016), and Northwestern University's Kellogg School of Management (2022).

She was appointed a Non-Executive Director of Black Pelican Limited (IL Bagno) until June 2012, when she transitioned to an executive role as Executive Director. Her outstanding performance has earned her numerous accolades, and she is recognised for her excellent teamwork, mentoring skills, and high performance. She is passionate about optimizing an organization's resources to create value for its stakeholders.

Currently, Mrs. Owolabi serves as the Executive Director and Chief Operating Officer of Black Pelican Limited (IL Bagno), with responsibilities that include Finance, Operations, Business Strategy Management, Human Resources, Administration, Internal Control, Procurement, Warehouse Management, and Inventory Management.

In 2010, she was inducted as an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (“CIBN”) and became a Fellow of the Institute of Credit Administration in 2015.

Mrs. Owolabi was appointed as an independent Non-Executive Director of Coronation Merchant Bank in October 2024 and is a member of the following Board Committees:

- Board Audit Committee
- Board Governance and Nominations Committee.
- Board Credit and Investment Committee.

Mr. Paul Abiagam
Ag. Managing Director/CEO

Mr. Paul Abiagam, the Ag. Managing Director and Chief Executive Officer of Coronation Merchant Bank, brings over 27 years of distinguished experience in the financial services industry. With a strong foundation in finance and accounting, he began his career at the former Diamond Bank Plc, where he advanced through various roles, gaining extensive expertise in commercial and corporate banking.

In 2005, he joined Guaranty Trust Bank, where he held several key leadership positions, including General Manager, Divisional Head of Commercial Banking, and Corporate Banking. He also served as a Non-Executive Director at Guaranty Trust Bank, Côte d'Ivoire, further demonstrating his strategic acumen and business market expertise. In 2022, he was appointed Managing Director and Chief Executive Officer of Guaranty Trust Pension Managers Ltd.

He is a Fellow of both the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA - UK), and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (HCIB). As an alumnus of the Lagos Business School and the Nanyang Business School, Singapore, respectively, he combines critical insights with local expertise in the financial services market.

His career spans banking, pensions, fund management, strategy, investment banking, and risk management. Paul's deep understanding of the Nigerian and West African financial markets positions him as a transformative leader driving innovation and sustainable growth in the financial services sector.

Developments on the Board in 2024

The effectiveness of any board is made possible by directors with the appropriate skills, qualifications, and experience who are guided by integrity in their private and public lives. It was in recognition of this imperative that the Board established a formal process for the selection of new directors to ensure transparency in the nomination process. The appointment process for directors is done by the Board Governance and Nomination Committee (“the Committee”) in line with the Bank's Framework for Appointment of Directors.

The Committee identifies director candidates in consultation with key stakeholders. Candidates are assessed against relevant policies, statutes, and regulations through interviews, questionnaires, and due diligence. The Committee evaluates their qualifications, skills, and the board composition needs before recommending them for Board appointment, subject to shareholders' and CBN's approvals.

In accordance with the requirements of the CBN's Corporate Governance Guidelines 2023, which increased the minimum number of Independent Non-Executive Directors (“INEDs”) from two to three, the Board appointed Mrs. Adetola Owolabi as an INED in Sep 2024. As required by Section 5.7 of the CBN's Revised Fit & Proper Persons Regime, 2015, she has no direct ties to the Bank, its officers, shareholders, subsidiaries, or affiliates, ensuring her independence. The CBN has approved her appointment in October 2025.

In furtherance of the leadership transformation initiative launched by the Board in 2023 and in line with their respective employment contracts, the Managing Director/CEO of the Bank, Mr. Banjo Adegbohungbe and the Executive Director/COO, Mrs. Funke Feyisitan-Ladimeji, tendered their notices of resignation on April 30, 2024, effective October 31, 2024.

Following the receipt of Mr. Adegbohungbe's resignation notice in April 2024, the Board appointed Mr. Paul Abiagam, who was then the Deputy Managing Director of the Bank, as the Managing Director/CEO in May 2025. However, in granting its No Objection to the appointment on July 16, 2024, the CBN advised that Mr. Abiagam should function as Managing Director/CEO in acting capacity for one year. Considering that the period will elapse on July 15, 2025, and in recognition of his contribution to the impressive performance of the Bank, the Board has initiated steps to regularize Mr. Abiagam's appointment as the substantive Managing Director/CEO of the Bank.

The profiles of the newly appointed director have been captured earlier in the report. Mrs. Owolabi will be presented by the Board to members for confirmation at the 10th AGM of the Bank.

Other strategic senior management changes approved by the Board in 2024 include the appointment of a new Chief Compliance Officer, Mr. Isaiah Ailenmoagbon, and a new Divisional Head for Global Markets & Treasury, Mr. Ronald Nwaezeapu.

Retirement and Re-election of Directors

In accordance with the Bank's Articles of Association, one-third of all Non-Executive Directors (rounded down) are offered for re-election every year, depending on their tenure on the Board, together with directors appointed by the Board since the last Annual General Meeting. The Directors to retire every year shall be those who have been in office longest since their last election.

In line with the above requirement, Mr. Idaere Gogo Ogan, Ms. Olubunmi Fayokun, and Mr. Adamu Atta shall retire by rotation and, being eligible for re-election, will submit themselves for re-election. The Board is convinced that the directors standing for re-election will continue to add value to the Bank as they are required to maintain the balance of skill, knowledge, and experience on the Board. The biographical details of the directors standing for re-election are contained in this Report.

Board Effectiveness

The evolving expectations for governance accountability and effectiveness have necessitated that deliberate actions be institutionalized to refresh Board positions in ways that promote diversity of skills, relevant knowledge, experience, and background. Consequently, succession planning has become a key imperative for building a Board with the right complements to execute its core mandates effectively.

Board Composition – Guiding Principles

The Bank's Framework for Appointment of Directors is designed to ensure that the Bank is managed and overseen by competent, capable, and trustworthy individuals. The Governance and Nominations Committee is responsible for both Executive and Non-Executive Director succession planning and recommends new appointments to the Board. In this regard, the Committee takes cognizance of the existing range of skills, experience, background, and diversity on the Board in the context of the Bank's strategic direction, articulating specifications relevant to every appointment. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointments. Candidates who meet the criteria set by the Committee are subjected to enhanced due diligence inquiries and a rigorous evaluation process.

We are comfortable that the Board is sufficiently diversified to optimize its performance and deliver sustainable value to stakeholders. The Board's composition is aligned with both the applicable Governance Codes and global best practice on the parity of Non-Executive Directors to Executive Directors. At year-end 2024, the Board had more Non-Executive Directors than Executive Directors, with three of the Non-Executive Directors designated as Independent. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution.

Training and Induction

The Board ensures the regular domestic and international training of its members to improve their decision-making capacity, thereby contributing to their effectiveness and the overall performance of the Bank. Based on the recommendation of the Governance and Nomination Committee, the Board approves the annual training plan and budget for directors. The Company Secretary ensures the implementation of the plan, providing regular reports to the Board.

Individual Training

SN	Name of director	Name of training	Venue & date	Organizer
1	Ms. Evelyn Oputu	Advanced International Corporate Finance Programme.	INSEAD, Fontainebleau, France 18-22 November 2024.	INSEAD
2.	Mr. Olayinka Tiamiyu	Cybersecurity for Directors.	Virtual. May 8, 2024.	Corporate Governance Institute, UK.
3.	Mr. Olukayode Akindele	Cybersecurity for Directors.	Virtual. June 19, 2024.	Corporate Governance Institute, UK.

General Training

All directors attended the following trainings in 2024:

SN	Name of training	Venue & date	Organizer
1	Impact of Corporate Governance on Cybersecurity.	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos December 23, 2024	Training Heights.
2.	Utilization of Technology and AI in Compliance Risk Management	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos December 23, 2024	Ernst & Young
3.	AML/CFT/CPF Compliance Training.	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos December 23, 2024	Pattison Consulting Limited Training Academy

Performance Monitoring and Evaluation

The Board actively engages with Management in planning and executing the Bank's strategy. At its annual retreat on December 23, 2024, the Board and Management rigorously debated and finalized the 2025 strategy.

Quarterly updates enable the Board to monitor progress, assess risks, and address implementation challenges. These updates foster collaboration between the Board and Management in mitigating risks and improving execution. Management also presents financial performance against budget, enabling the Board to evaluate achievements and provide guidance for improvement. Peer comparisons help benchmark performance against competitors.

Corporate Governance performance is continuously monitored, with quarterly and annual reviews of compliance with the applicable governance codes.

The Board has also established a system of independent annual evaluation of its performance, as well as that of its Committees and individual Directors. EY undertook the assessment for the 2024 financial year. The exercise covered the Directors' self-assessment and peer assessment in addition to the assessment of the Board Standing Committees. The choice of an independent consultant encouraged openness in discussions during the review sessions and enhanced the objectivity and transparency of the process.

The evaluation was a 360-degree online survey covering Directors' self-assessment, peer assessment and evaluation of the Board and its Committees. It also covered the Board's Structure and Composition, Strategy, Board Operations, Quality of the Board, Board Risk Management Activities, Relationship with Stakeholders, Transparency and Disclosure.

The effectiveness of the Independent Non-Executive Directors vis-à-vis the CBN Guidelines on Independent Non-Executive Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a high level of effectiveness and efficiency. The result showed that the Bank's corporate governance practices followed the provisions of the CBN Corporate Governance Guidelines for Banks. EY will present the summary result of the independent evaluation at the 10th AGM.

To further deepen the Bank's governance culture, the Board approved its Policy on Access to Independent Professional Advice, which allows individual directors to access independent external expert advice, at the Bank's expense, on issues arising from meetings of the Board or any of its Committees. Under this Policy, both the Board as a body and an individual director can access external professional/expert advice at the Bank's expense.

Shareholders and Regulatory Engagement

The Board is committed to maintaining high standards of corporate disclosure to its shareholders and regulators regarding the Bank's operations.

Shareholders' meetings are held as required by the Bank's Articles of Association and extant laws and regulations, with Notices of such meetings sent to all shareholders of the Bank. The Annual General Meeting continues to be a medium for promoting interaction between the Board, Management, and Shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies, while representatives of the Central Bank of Nigeria, the Securities and Exchange Commission, and other Regulators are usually in attendance. Members of the press are also invited to monitor the proceedings.

An Extraordinary General Meeting may also be convened at the request of the Board or shareholders holding not less than 10% of the Bank's paid-up Capital. No Extraordinary General meeting took place in 2024.

The implementation of our robust investor and regulatory engagement strategies enables us to understand stakeholders' views about the Bank for an appropriate and effective response. The Bank's Investors Engagement Policy requires the Board and Management to ensure that communication with shareholders is timely, factual, broadly disseminated, and accurate in line with applicable legal and regulatory requirements. The Bank's reports and communications to shareholders and other stakeholders are in plain, readable, and understandable formats. Additionally, the Bank regularly updates its website (www.coronationmb.com) with both financial and non-financial information.

The Board ensures that shareholders' statutory and general rights are always protected, particularly their right to vote at general meetings. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law. The Board also ensures that all shareholders are treated equally, regardless of the size of their shareholding and social conditions.

To further ensure the rights of its stakeholders, the Board approved a Human Rights Policy, which seeks, among other things, to establish zero tolerance for all forms of human rights infringements, including but not limited to discrimination, harassment, and intimidation, within the Bank and in the operation of its business. The Policy, which is a testament to the Bank's determination to protect the rights of its employees, vendors, customers, shareholders, and communities, also encourages the Bank's partners to uphold the principles embedded in the Policy in their respective operations.

Access to Information and Resources

Management recognizes the importance of the free flow of complete, adequate, and timely information to the Directors for the effective discharge of their responsibilities. The Heads of the Strategic Business Units are invited to make presentations and provide clarifications, where necessary, to the Board. The Bank's External Auditors also present their findings on the Bank's audited Financial Statements to the Board Audit Committee. Directors have unrestricted access to Management and to the Company's information necessary to carry out their responsibilities

Board Responsibilities

The primary responsibility of the Board is to provide effective leadership and direction, within the applicable regulatory and legal framework, for enhancing the long-term value of the Bank to its shareholders and other stakeholders. It has the overall responsibility for reviewing the strategic plan and performance objectives, financial plans, annual budgets, vital operational initiatives, significant funding and investment proposals, economic performance, and corporate governance practices. The Board is the Bank's decision-making body, primarily responsible for governance. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth.

Directors' Remuneration Policy

This Policy reflects Coronation MB's desire to sustain long-term value creation for shareholders and aims to:

- Promote excellence and balance between short-term and long-term performance, ensuring that the Bank's financial goals and shareholders' expected returns are met and sustained.
- Enable Coronation MB to attract, motivate, and retain people of proven ability, experience, and skills in the market in which it competes.
- Align the compensation for Directors with the volume of work, risks associated with decisions taken by the Board, and the complexity of the merchant banking business.
- Boost the level of commitment expected of directors and enhance the robustness of Board deliberations, decisions, and implementation.
- Ensure that both internally and externally, remuneration policies and programs are transparent, well communicated, easily understood, and aligned with the interests of shareholders and leading corporate governance practices.

Remuneration Structure

The Board Governance and Nominations Committee ("the BGNC" or "the Committee"), comprising only Non-Executive Directors and headed by an Independent Non-Executive Director, recommends the remuneration packages for both Executive and Non-Executive Directors in all their forms. Executive Directors do not participate in proceedings for deciding their remuneration.

The remuneration of the Managing Director and other Executive Directors comprises both fixed and variable remuneration components as outlined in their contracts of employment, as well as incentive schemes designed to encourage continued improvement in performance against agreed-upon priorities with the Board.

The BGNC sets operational targets, including Key Performance Indicators (KPIs), covering both financial and non-financial measures, for executives at the beginning of each year. The performances of the Executive Directors are measured against these KPIs at the end of the financial year, and the outcomes are used in determining the variable element of their remuneration. Executive Directors are not entitled to sitting allowances for attendance at meetings of the Board and its Committees.

Components of Non-Executive Directors Remuneration

Non-Executive Directors' fees reflect the extent of the Director's responsibilities, expected contributions, and liabilities. The remuneration of Non-Executive Directors consists of sitting allowances (payable for each Board and Board Committee meeting attended) and Directors' fees, as may be reviewed and approved by members at the Annual General Meeting from time to time.

Non-Executive Directors will be reimbursed for expenses necessarily and reasonably incurred in the discharge of the Bank's business. Reimbursable expenses include travel, hotel, meals, and communication costs.

Roles and Responsibilities

The BGNC shall be responsible for:

1. Ensuring that the compensation package for the Managing Director and other Executive Officers serves to:

a. Attract, retain and motivate outstanding management staff who add value to the Bank.
b. Ensure that remuneration to Executive Directors is performance driven.
c. Provide a highly competitive base salary structure for Executive Directors.
d. Link annual variable pay opportunities to attainment of pre-defined performance measures.

2. Making recommendations to the Board:

a. On the remuneration packages of Executive and Non-Executive Directors.
b. On the salary and service conditions of senior management staff.
c. On the Remuneration Policy of the Bank.

3. Ensuring proper disclosure of Directors' remuneration to stakeholders.

Compensation Review

To ensure the competitiveness of the Bank's compensation structure, the Remuneration Policy is reviewed periodically to reflect changing realities. The review considers the Bank's performance and its remuneration compared to the industry's peer group. The peers should be selected based on the Bank's business lines, size, scope, geographic coverage, and any other set criteria.

In determining the level and composition of the remuneration for directors, the Committee may obtain independent advice and/or engage the services of an external consultant to advise on the appropriate remuneration package.

Approval

Directors' remuneration shall be recommended to the Board of Directors and subsequently to the shareholders at the Annual General Meeting for approval.

Disclosure

Coronation Merchant Bank will make appropriate disclosures regarding the details of its Remuneration Policy in its Annual Reports and to shareholders as required.

Review of the Remuneration Policy

The Board shall, through the Committee, review the Remuneration Policy every three (3) years or as necessary

Governance Structure

The Board is currently composed of a Non-Executive Chairman, eight (8) Non-Executive Directors and one (1) Executive Director. Three (3) of the Non-Executive Directors are Independent Directors, appointed in accordance with the CBN circular on Appointment of Independent Non-Executive Directors by Banks.

The Bank is committed to upholding the tenets of good governance as enshrined in the various Regulators' Codes. The Board confirms that it has effectively and efficiently discharged its responsibility of ensuring that the Bank complies materially with its internal Board Charter, Board Committee Charters, and the applicable Codes during the 2024 financial year.

In line with best practice and to ensure a balance of power and authority, the Chairman and Chief Executive Officer's roles are separated and assumed by different individuals. The Chairman is primarily responsible for the working of the Board. At the same time, the Chief Executive Officer is responsible for the running of the business and implementation of Board strategies and policies. The Chief Executive Officer is assisted in managing the Bank's operations on a day-to-day basis by the Executive Management Committee, which he chairs and comprises Senior Management staff of the Bank. The Board can reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no Shadow or Alternate Directors.

The principal responsibility of the Board is to promote the long-term success of the Bank by creating and delivering sustainable shareholder value. The Board leads and provides direction for the Management by setting policy directions and strategy, and by overseeing their implementation. The Board ensures that Management delivers on both its long-term growth and short-term objectives, striking the right balance between these goals. In setting and monitoring the execution of strategies, the Board considers the impact of its decisions on the company's obligations to various stakeholders such as shareholders, employees, suppliers, and the community in which the Bank operates.

The Board is responsible for maintaining a robust system of internal controls and effective risk management oversight across the Bank, ensuring sustainable growth. Also, the Board is responsible for determining and promoting the collective vision of the Bank's purpose, values, culture, and behaviors.

In carrying out its oversight functions, matters reserved for the Board include but are not limited to:

- Setting annual Board goals/plans.
- Defining the Bank's annual strategies/objectives and monitoring delivery of the strategy and performance against approved plans.
- Overseeing the Bank's capacity to identify and respond to changes in its economic and operating environment.
- Approval of significant projects, including corporate restructuring and reorganizations, major capital expenditures, capital management, acquisitions, and divestitures.
- Performance evaluation and compensation of Board members and Senior Executives.
- Attending to matters of succession planning, appointments, remunerations, retirement, and disengagement of directors and senior management staff.
- Ensuring the maintenance of a culture of responsibility, transparency, and accountability through good corporate governance and adherence to high ethical values.
- Definition of the Bank's risk appetite, approval, and oversight over the operation and effectiveness of the Bank's risk management framework.
- Oversee, review, and monitor the operation, adequacy, and effectiveness of the Bank's reporting systems and the overall framework of internal controls, including operational, accounting, and financial reporting controls.
- Ensuring effective communication with shareholders and other stakeholders regarding the Bank's financial performance and other significant developments.
- Approval of internal ratios and target rates of return on capital and assets, and adoption of appropriate
- accounting policies to ensure an accurate assessment of the Bank's financial health.
- Approval of the Bank's quarterly, half-yearly, and annual financial statements.
- Review, approve, and monitor the implementation, compliance with, and effectiveness of all Policies, Guidelines, and Operational and procedural manuals within the Bank.

The Role of the Chairman

The principal role of the Chairman is to provide leadership and direction to the Board. The Chairman is accountable to the Board and shareholders and liaises directly with the directors and the Management of the Bank, through the Managing Director/Chief Executive Officer ('MD/CEO'). The duties and responsibilities of the Chairman are as follows:

- Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
- Setting the agenda for board meetings in conjunction with the MD/CEO and the Company Secretary.
- Approval of the Annual Board Activities Calendar.
- Playing an integral role in ensuring that the Board and its Committees have the relevant skills and competencies for the achievement of their objectives.
- Ensuring the proper conduct of Board meetings and achieving efficiency and cohesiveness within the Board.
- Ensuring that the Directors receive accurate and timely information about the Bank's affairs to make informed decisions.
- Acting as the primary liaison between the Board and the MD/CEO, and advising the MD/CEO on the effective discharge of his duties.
- Ensuring that all directors focus on their key responsibilities and play constructive roles in the Bank's affairs.
- Organizing induction programmes for new directors and ensuring that continuing education programmes are in place for all directors.
- Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders, and taking a leading role in assessing, improving, and developing the Board.
- Presiding over General Meetings of shareholders.

The Role of Managing Director/Chief Executive Officer

The MD/CEO is responsible for leading the development and execution of the Bank's long-term strategy to create sustainable shareholder value. He manages the day-to-day operations of the Bank and ensures that operations are consistent with the policies approved by the Board. Specifically, the duties and responsibilities of the MD/CEO include the following:

- Serves as the Head of the Management Team and is accountable to the Board.
- Responsible for ensuring that a culture of integrity and legal compliance is imbibed at all levels of the Bank.
- Responsible for consistently achieving the Bank's financial objectives and goals.
- Ensures that the Bank's philosophy, vision, mission, and values are disseminated and practiced throughout the Bank.
- Ensures that the allocation of capital reflects the Bank's risk management philosophy.
- Ensures that the Bank's risks are controlled and managed effectively, optimally, and in line with the Bank's strategies and objectives.
- Supervision of Executive Directors.
- Ensures that the Directors are provided with sufficient information to support their decision-making function.

The Role of the Company Secretary

The Company Secretary supports the overall effectiveness of the Board by, amongst other things, assisting in the development of good corporate governance practices and culture within the Bank. The role of the Company Secretary is central to the achievement of the objectives of the Board and includes the following:

1. Assisting the Chairman in ensuring a good flow of information within the Board and its committees, as well as between Management and Non-Executive Directors.
2. Ensuring the observance of Board procedures, the Company's Memorandum and Articles of Association, relevant rules, and regulations. He also assists the Chairman and the Board Members in implementing and strengthening corporate governance practices and processes to enhance long-term shareholder value.
3. Facilitates the orientation of new directors and coordinates their professional development.
4. Attending and preparing minutes for all Board meetings, ensuring efficient and effective coordination between the Board, Board Committees, and Management.
5. The Company Secretary also assists in developing the agenda for the Board's and its Committees' meetings.

The Board properly empowers the Company Secretary to discharge his duties, and all Directors have independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Delegation of Authority

The ultimate responsibility for the Bank's operations rests with the Board. The Board retains effective control through a well-developed committee structure that provides in-depth focus on the Board's responsibilities. Each board committee has written terms of reference and presents regular reports to the Board on its activities. The Board delegates authority to the MD/CEO to manage the affairs of the Bank within the parameters established by the Board from time to time.

Board Meetings

The Board confirms that it has effectively and efficiently discharged its responsibility of ensuring that the Bank complies materially with its internal board charter, the charters of its board committees, and the relevant codes during the 2023 financial year. The board was able to achieve this due to the existence of the following Governance structures:

- Shareholders' Meeting.
- Board of Directors.
- Board Committees.
- Executive Management Committees.

The Board meets quarterly but can convene emergency meetings as needed. The annual board calendar is approved in advance during the last quarter of the preceding year. Material decisions may be taken between meetings through circulated or written resolutions in line with the Bank's Articles of Association. The Board holds an annual retreat to consider strategic matters and review the opportunities and challenges facing the institution.

All directors are provided with notices, agenda, and meeting papers in advance of each meeting to prepare them adequately for the meeting. A director who is unable to attend a meeting is still entitled to Board papers for the meeting. Such a director reserves the right to discuss with the chairman any matter he/she may wish to raise at the meeting. Management also provides the directors with regular updates on developments in the regulatory and business environment.

The Board operates a secure electronic portal, BoardEffect, for the circulation of board papers to members. The use of an electronic portal underscores the Board's commitment to environmental sustainability by reducing paper usage.

The Board devoted considerable time and effort to the following issues in 2024, amongst others:

- Review of Board's and Committees' Charters/Policies.
- Consideration and approval of the 5-year (2024 -2028) strategy.
- Consideration and approval of the 2025 budget.
- Approval of credit facilities.
- Consideration of top management appointments.
- Consideration of updates on the implementation of Board Retreat outcomes.
- Approval of the funding plan and asset plan.
- Approval of capital projects.
- Approval of audited financial statements.

The attendance at the Board meetings by members was as indicated in the table below:

Board Meeting Held in 2024

SN	Director	No of Meetings Held	No of Meetings attended	No of Strategy Sessions Held	No of Strategy Sessions Attended
1	Tunde Folawiyo (Chairman)	5	5	1	1
2	Larry Ettah	5	5	1	1
3	Evelyn Oputu	5	5	1	1
4	Olubunmi Fayokun	5	5	1	1
5	Idaere Gogo Ogan	5	5	1	1
6	Adamu Atta	5	5	1	1
7	Olukayode Akindele	5	5	1	1
8	Olayinka Tiamiyu	5	5	1	1
9	Adetola Owolabi*	5	1	1	1
10	Paul Abiagam	5	5	1	1

Mrs. Adetola Owolabi's appointment as an Independent Non-Executive Director of the Bank was approved by the CBN on October 30, 2024, making her eligible to attend the December 23, 2024 Board meeting and Strategy Retreat.

Meetings of the Board and Board Committees in 2024

The Board and its committees held the following meetings in the period ended 31 December 2024:

Type of Meeting	Date
Board Credit & Investment Committee	January 15, 2024
	April 15, 2024
	June 3, 2024
	July 15, 2024
	September 2, 2024
	October 14, 2024
	December 2, 2024
Board Governance & Nominations Committee	January 16, 2024
	April 16, 2024
	June 4, 2024

Type of Meeting	Date
	July 2, 2024
	July 16, 2024
	August 23, 2024
	September 3, 2024
	October 15, 2024
	December 2, 2024
Board Audit Committee	January 17, 2024
	March 26, 2024
	April 17, 2024
	July 17, 2024
	October 16, 2024
Board Risk Management Committee	January 17, 2024
	April 17, 2024
	May 31, 2024
	July 17, 2024
	October 16, 2024
Board	January 22, 2024
	April 22, 2024
	July 22, 2024
	October 21, 2024
	December 23, 2024

Board Standing Committees

The Board of Directors carries out its oversight function through its standing committees, each of which has a Charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, and tenure. In line with best practice, the Chairman of the Board does not sit on any of the committees.

The Board's four (4) standing committees are:

A. Board Risk Management Committee

The responsibilities of the Committee include reviewing and recommending risk management strategies, policies, and risk tolerance for the Board's approval, as well as reviewing reports on risk exposure, risk portfolio composition, and risk management activities.

As at December 31, 2024, all members of the Board, apart from the Board Chairman, are members of the Board Risk Management Committee. Meetings of the Committee are held at least quarterly. Members' attendance at the Committee's meetings in 2024 is indicated in the table below:

SN	Member	Capacity	No of Meetings Held	No of Meetings Attended
1	Evelyn Oputu	Chairman	5	5
2	Larry Ettah	Member	5	5
3	Olubunmi Fayokun	Member	5	5
4	Idaere Gogo Ogan	Member	5	5
5	Adamu Atta	Member	5	5
6	Olukayode Akindele	Member	5	5
7	Olayinka Tiamiyu	Member	5	5
8	Paul Abiagam	Member	5	5

B. Board Credit and Investment Committee

The Board Credit and Investment Committee provides strategic guidance for the development and achievement of the Bank's lending and investment objectives. It advises the Board on the Bank's credit exposure, investment portfolio, lending practices, and investment policies. The Committee also reviews the process for determining provisions for credit losses and the adequacy of the provisions made, as well as the effectiveness and administration of credit-related policies, to ensure the implementation of the CBN's risk-based supervision framework.

The Committee comprises all executive and non-executive directors, except for the Chairman of the Board. The Committee meets quarterly and as the need arises. Members' attendance at the Committee's meetings held in 2024 is indicated in the table below::

SN	Member	Capacity	No of Meetings Held	No of Meetings Attended
1	Larry Ettah	Chairman	7	7
2	Evelyn Oputu	Member	7	7
3	Olubunmi Fayokun	Member	7	7
4	Idaere Gogo Ogan	Member	7	7
5	Adamu Atta	Member	7	7
6	Olukayode Akindele	Member	7	7
7	Olayinka Tiamiyu	Member	7	7
8	Paul Abiagam	Member	7	7

C. Board Governance and Nominations Committee

The Board Governance & Nomination Committee reviews matters relating to general purpose, corporate governance, sustainability, remuneration, and nominations. The Committee is primarily responsible for performance management, succession planning for the board and management, and general employee matters, amongst others.

As at December 31, 2024, membership of the Committee consisted of 5 Non-Executive Directors, 2 of whom are independent. The Committee sits quarterly and as needed. Members' attendance at the Committee's meetings held in 2023 is indicated in the table below:

SN	Member	Capacity	No of Meetings Held	No of Meetings Attended
1	Olubunmi Fayokun	Chairman	9	9
2	Larry Ettah	Member	9	9
3	Adamu Atta	Member	9	9
4	Olukayode Akindele	Member	9	9
5	Olayinka Tiamiyu	Member	9	9

D. Board Audit Committee

The Board Audit committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders, regulators, and all stakeholders by ensuring the following, amongst others:

a. The integrity of the Bank's financial statements, financial reporting process, and internal accounting and financial control systems.

b. The effectiveness of the internal audit function.

c. The annual independent audit of the Bank's financial statements and effectiveness of the Bank's internal control over financial reporting.

d. The engagement of the Independent Auditors and the evaluation of their qualifications, independence, and performance.

The Committee comprises five non-executive directors, two of whom are independent. The Committee meets at least quarterly. The number of meetings held in 2024 and attendance of members at those meetings is as follows:

SN	Member	Capacity	No of Meetings Held	No of Meetings Attended
1	Olayinka Tiamiyu	Chairman	5	5
2	Evelyn Oputu	Member	5	5
3	Idaere Gogo Ogan	Member	5	5
4	Olubunmi Fayokun	Member	5	5
5	Olukayode Akindele	Member	5	5

Role and Focus of the Board Audit Committee

The duties of the Board Audit Committee as enshrined in Section 404(7) of CAMA 2020, the CBN Corporate Governance Guidelines 2023, and other applicable codes include:

- Determining whether the Company's accounting and reporting policies comply with legal requirements and accepted ethical practices.
- Reviewing the scope and planning of audit requirements.
- Reviewing the findings on management matters in conjunction with the external auditor and management's responses thereon.
- Continuously reviewing the effectiveness of the Company's system of accounting and internal control.
- Making recommendations to the Board regarding the appointment, removal, and remuneration of the Company's external auditors, ensuring the independence and objectivity of these auditors and that there is no conflict of interest that could impair their independent judgment.
- Authorizing the internal auditor to conduct investigations into any activity of the Company that may be of interest or concern to the Committee.
- Assisting in the oversight of the company's financial statement integrity.
- Establishing and developing the internal audit function.

Executive Management Committees

These are committees comprising senior management of the Bank. The committees are also risk-driven, as they are set up to identify, analyze, synthesize, and make recommendations on risks arising from the Bank's day-to-day activities. They also ensure compliance with the risk limits contained in the Board and Regulatory policies. They provide inputs for the respective Board Committees and ensure the implementation of the recommendations of the Board Committees. They meet to immediately take actions and decisions within the confines of their powers. Some of these executive management committees include the following:

- Executive Management Committee (“EXCO”).
- The Asset and Liability Committee (“ALCO”).
- Management Credit and Investment Committee (“MCIC”).
- The Enterprise Risk Management Committee (“ERMC”).
- IT Steering Committee (“ITSC”).

Going Concern

The Directors confirm that after making appropriate inquiries adequate resources exist in the Bank to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

External Auditors

KPMG Professional Services (KPMG) acted as our external auditors for the 2024 financial year. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN Corporate Governance Guidelines and other applicable codes on the rotation of audit firms and audit partners. The tenure of Bank's previous auditor, Messrs PricewaterhouseCoopers (PwC), ended on 31 December 2020. In accordance with S.5.2.12 of the CBN Code of Corporate Governance, KPMG Professionals was appointed in its place.

Code of Ethics

The Bank's Code of Conduct specifies the expected behaviors of its employees and directors. The code is designed to empower employees and directors and enable effective decision-making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation that they have understood the content of the Bank's Code of Conduct. There is a Compliance Manual that provides guidelines for addressing violations/breaches and ensuring enforcement of discipline amongst staff. The Bank also has a Disciplinary Policy that provides sample violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources is responsible for the design and implementation of the Code of Conduct, while the Chief Compliance Officer is responsible for monitoring compliance.

The Chief Compliance Officer issues messages to all employees on ethics and compliance. The message reiterates the Bank's policy of total compliance with all applicable laws, regulations, corporate ethical standards and policies in the conduct of the Bank's business. It enjoins staff to promote sustainable growth of the franchise while ensuring compliance with relevant policies, laws, and regulations.

Consumer Protection and Customer Complaints Management

In comp l i a n ce wi th th e C B N C i rc u l ar (Re f : OD/DIR/CIR/2009/GEN/10) dated December 18, 2009, Coronation Merchant Bank has implemented an appropriate and effective mechanism to address customer grievances and complaints. The objective is to reduce customer complaints, enhance public confidence, and improve customer satisfaction.

This mechanism includes a dedicated email address, customercomplaints@coronationmb.com, which automatically sends alerts to designated officers. The Bank's Help Desk contact details are included in investment letters sent to customers and counterparties. A billboard displaying customer complaint information is placed in the reception area of the Bank's Head Office, as well as in both branch offices in Port Harcourt and Abuja.

Adoption of the Gender Diversity Policy

This policy seeks to achieve a minimum of the 40% female representation both at board levels and at senior management levels subject to identification of candidates with appropriate skills. In line with this commitment, our policy is to value the differences that a diverse workforce brings to the company and to provide a workplace where:

- Structures, policies and procedures are in place to assist employees to balance their work, family and other responsibilities effectively.
- Decision-making processes in recruitment take account of diversity.
- Employees have access to opportunities based on merit.
- The culture is free from discrimination, harassment, and bullying; and
- Employment decisions are transparent, equitable and procedurally fair.

In line with this policy, Coronation Merchant Bank shall continually strive to treat all employees, prospective employees and customers fairly and equally regardless of their gender, sexual orientation, family status, race, color, nationality, ethnic or national origin, religious belief, age or physical challenge. Accordingly, in compliance with this requirement, the Bank currently has 3 women on its Board, namely, Ms Evelyn Oputu, Ms. Olubunmi Fayokun and Mrs. Adetola Owolabi.

Highlights of the Bank's Clawback Policy

The clawback provisions of the Bank's Compensation and Benefits Policy ("the Policy") empower the Board, in appropriate circumstances, to recover excess and undeserved rewards such as bonuses, incentives, profit-sharing, and other performance-based compensation from current and former executives and senior employees. The provisions are triggered if the Bank's financial performance, on which the reward was based, is found to be materially false, misstated, or erroneous, or in instances of misdemeanour, fraud, material violation of the Bank's policy, or regulatory infractions.

Executives and senior employees must have served the Bank during the "look-back period," and the incentives paid to them must have been tied to a financial parameter. The policy applies to any incentive-based compensation paid during any of the three fiscal years immediately preceding the date the Bank is required to restate its financial results or any other period as determined by the Board.

During the 2024 fiscal year, the Board did not find any reason to invoke the clawback provisions of the Policy.

Analysis of Fraud and Forgeries Returns

The Bank had no case of fraud and forgery in the year under review.

DIRECTORS' **RESPONSIBILITIES**

Financial Statement for The Year Ended 31 December 2024

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2024.

The Companies and Allied Matters Act 2020 and the Banks and Other Financial Institutions Act 2020, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs and the profit and loss of the Bank. The responsibilities include ensuring that the Bank:

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

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

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Babatunde Folawiyo
Chairman
FRC/2014/NBA/00000006371

Mr. Paul Abiagam
Ag. Managing Director/CEO
FRC/2024/PRO/IODN/008/907032

REPORT OF THE **BOARD AUDIT COMMITTEE**

To the members of Coronation Merchant Bank Limited:

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Coronation Merchant Bank Ltd hereby report on the financial statements for the year ended 31 December 2024 as follows:

- We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2024 were satisfactory and re-inforce the Bank's internal control systems.

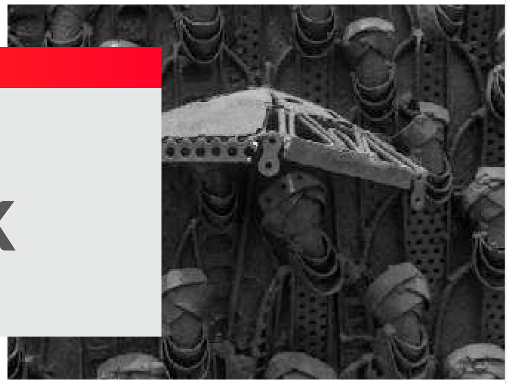
- As required by the provisions of the Central Bank of Nigeria circular BSD/1/2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider - related credits of the Bank and found them tobe as disclosed in the financial statements.

- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their interim audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Mr. Olayinka Tiamiyu
Chairman, Audit Committee
FRC/2021/004/00000024667
25 March 2025

Members of the Audit Committee are:

Olayinka TIAMIYU (Mr)	Chairperson
Evelyn OPUTU (Ms)	Member
Olukayode AKINDELE (Mr)	Member
Idaere OGAN (Mr)	Member
Olubunmi FAYOKUN (Ms)	Member



CUSTOMERS' COMPLAINTS AND FEEBACK

Coronation Merchant Bank prioritizes customer experience as key to its vision of becoming Africa's premier investment Bank. Delivering high-quality services and responding to client needs remain top priorities. To ensure accessibility, the Bank offers multiple customer touchpoints, including:

- Contact Centre
- Social Media
- Contact through the Bank's website
- Contact through the Bank's online platforms
- Customer service desks in all branches

Complaints Handling

At Coronation Merchant Bank, we ensure our customers complaints are treated with the sensitivity and the empathy it deserves. Our strategy is to ensure our customer's feedback affects the way we conduct our business with them in the future. Resources are put in place to resolve complaints at the first level. All complaints are logged and tracked with a service level agreement to our customers to provide adequate resolution and feedback leaving them happy and content.

Complaints Tracking and Reporting

Customer complaints help us assess how well our products and services meet expectations for quality and performance. All complaints are logged, graded, and tracked to ensure prompt resolution. Continuous monitoring allows us to respond quickly and prevent escalation. Analyzed complaints are reported to Executive Management, the Operational Risk Management Committee, and the Central Bank of Nigeria (CBN) in compliance with regulatory requirements.

S/N	Currency	Capacity	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
				2023	2024	2023	2024	2023
1	NGN	Transaction Alert complaints		1	0.19	-	0.19	-
2	NGN	Non payment of tenured funds		-	8,800.89	-	8,800.89	-
3	NGN	Discrepancy and re-imbursement of accrued interest		-	-	-	-	-
4	NGN	Delay in processing/service delivery		-	-	237,100	-	-
5	NGN	Failed Funds Transfer		11	224.00	12,004	224.00	237,100
6	NGN	International trade complaints		2	-	-	-	12,004
7	NGN	Internet Banking usage /token complaint		22	-	-	-	-
8	NGN	Account statement generation issues		6	-	34,899	-	-
9	NGN	Excess charges/fees		2	61,569.6	-	61,569.67	34,899

SN	Currency	Capacity	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
			2024	2023	2024	2023	2024	2023
10	NGN	Erroneous debit from account	2	-	26.55	-	26.55	-
11	NGN	Internet Banking login/ Password reset Issues	6	5	-	-	-	-
12	NGN	Discrepancy with account balance	-	-	-	-	-	-

Solicited Customer Feedback

In line with our commitment to provide fast and efficient services to our clients, the Bank engages the services of independent consultants to conduct customer satisfaction surveys on behalf of the Bank. Other means through which the Bank solicits for feedback are via:

- customer forums
- customer interviews

All feedbacks are reviewed and used to better the products and services offered to our clients.

ENTERPRISE RISK MANAGEMENT REPORT

Overview

There are inherent risks in Banking which extends beyond traditional credit, market, and operational risks to include concentration, strategic, liquidity, interest rate, reputational, legal, environmental, social, cyber, AML/CFT, downgrade, IT, collateral management, transfer, model, regulatory, and compliance risks.

Coronation Merchant Bank employs an Enterprise Risk Management approach, ensuring a holistic, organization-wide risk alignment. Our commitment to a resilient risk culture drives continuous investment in human capital, technology, processes, and governance, reinforcing our ability to manage risks effectively in line with our risk appetite and global best practices.

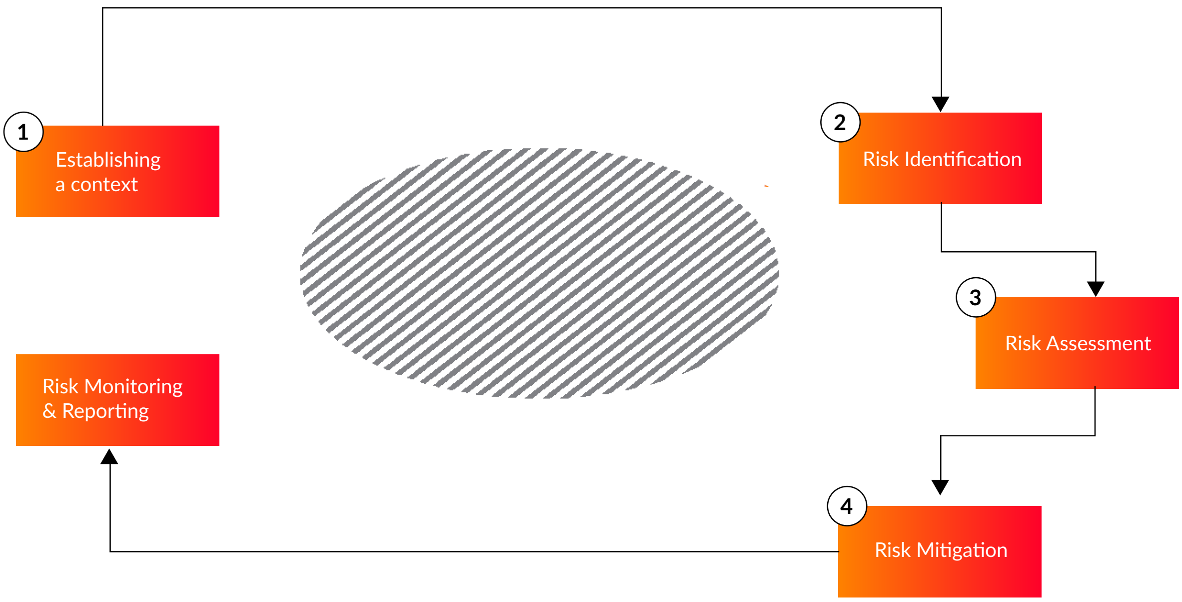
As a Bank, we understand that risk is:

- a shared responsibility of everyone in the Bank
- an intrinsic part of every decision that we make
- either inherent or derived from business operations and/or the macroeconomic/operating environment.

The management of risks across the Bank therefore starts with defining a risk management process which cascades into other concepts like risk strategy, risk philosophy, risk governance framework, risk appetite, capital assessment and capital management.

Coronation Merchant Bank Risk Management Process

The Bank's risk management process commences with establishing a proper context.



Establishing a context is undoubtedly a very vital stage in the risk management process. At this stage, the Board sets the tone through policies, limits, strategies, framework, risk appetite statement, and thus guides the other stages of the process outlined below:

Coronation Merchant Bank Risk Management Process

Risk Identification	Risk Assessment Evaluation	Risk Mitigation & Control	Risk Monitoring & Reporting
Involves unearthing the different material risks in transaction, venture and/or operation using different means varying from brainstorming, surveys and interviews, historical experiences, and emerging risks test tools.	This seeks to measure the probability of risk occurrence and the severity (impact) of loss in the Group.This is subdivided into risk analysis, risk evaluation and risk decision	Involves processes put in place to reduce the likelihood and impact of identified risks.This comes into play when the Bank decides to take on a risk and it involves suggesting ways to manage and control the measured risks and keep them from crystallization.	This measures progress against the risk treatment plans.The Bank practices risk management as a continuous process that requires frequent monitoring and reporting internally and externally.

Risk Management Framework

The Risk Management framework seeks to align the Bank's strategy, processes, people, technology and knowledge to meet its business goals. Coronation Merchant Bank adopts the Enterprise Risk Management (ERM) approach which aggregates all risk areas, and the framework sets the tone for effective integration of individual risks.

ERM provides a structured approach in strategy setting, to identifying opportunities, assessing risks inherent in the opportunities and managing those risks proactively in a cost-effective manner. "Enterprise" means for the Bank, removal of traditional functional, divisional, departmental or cultural barriers, replacing them with a single view of our risk spectrum. ERM is designed to identify potential events that may affect our organization, and manage risk within our risk appetite, to provide reasonable assurance regarding the achievement of our business objectives.

The Enterprise Risk Management framework outlines the critical elements at the corporate and business unit levels for holistic and value-enhancing risk management decision.

The Board, functioning through its various committees, provide documented principles for risk management as well as policies covering specific areas while the Internal Audit unit conducts validation to ensure that processes put in place are being followed. The department is also responsible for the independent review of risk management functions and the control environment. Risk management policies and systems are reviewed annually, at the minimum or/and on-need basis to reflect changes in markets conditions, and global best practice.'

The following key themes therefore continue to guide Coronation Merchant Bank's risk management framework:

• risk management is conceived and implemented to facilitate the achievement of organizational goals and objectives.
• risk management is applied in strategy setting and provides an effective role in establishing alternative strategies.
• risk appetite is derived from risk management and culture. Risk appetite is the amount of risk that an organization and its individual managers are willing to accept in pursuit of achieving core purpose, mission and vision.
• Our risk management framework ensures predictable outcomes by minimizing deviations from expectations. It involves identifying potential risk factors, assessing their likelihood and impact, implementing controls to mitigate them, and monitoring compliance to ensure effectiveness. Regular reporting of risk events and controls enhances transparency, while adequate capital provisioning safeguards against potential losses. This structured approach strengthens resilience and supports proactive risk management.

The Bank's risk management framework is designed to institutionalize processes that enable it to:

- Identify and understand the full spectrum of risks facing it;
- Define its appetite for risk, based on its strategic objectives;
- Assess, measure, and quantify the risks;

- Develop risk mitigation and control techniques;
- Enhance the overall performance of the firm; and
- Comply with all regulatory requirements with respect to risk management practices, including the Central Bank of Nigeria (CBN) guidelines on risk management practices.

The table below shows the Bank's principal risk types and specific risk management approaches

S/No	Principal Risk Types	Risk Definition	Risk Management Approach
1	Credit Risk	It is the probability that borrowers or counterparties will fail to meet their obligations according to the agreed terms thereby resulting in a loss for the Bank.	The Bank manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors. The credit risk in the Bank is controlled and mitigated in the following ways: · Rigorous credit analysis to unearth the risk issues and proffer mitigant for same · Counterparty credit search · Setting and enforcement of credit authorization limits· Proper due diligence and complete documentation before loans are granted · Effective loan monitoring, dedicated team that monitors the credits on a portfolio and client bases for risk reporting · Back testing of rating models to ensure optimum functionality · Cooperation among all departments involved in the lending process. Collateralization: Potential credit losses from any given exposure are mitigated using a range of collateral support such as cash, investments, legal mortgages, debentures as well as different forms of guarantees.
2	Market Risk	Coronation Merchant Bank defines market risk as the potential loss due to changes in interest rates, equity prices, commodity prices, foreign exchange rates.	The Board of Directors set the Bank's tolerance limit for interest rate risk. The primary limits include gap limits, deposit concentration limits, stop Loss limits etc. on the Bank's acceptable risk appetite. The Bank minimizes exposures to losses caused by adverse movements of market factors by setting defined limits of relevant Treasury Instruments. Coronation Merchant Bank considers the effect of currency risk on the Banking book and measures it at balance sheet level by matching all FX denominated assets against liabilities of similar and /or other foreign currency.

3	Operational Risk	Operational risk is defined as the risk of loss from inadequate or failed internal processes, people, and systems or from external events. In line with BCBS convention, operational risks include fraud, legal, regulatory, compliance and execution and business practices but excludes strategic and reputational risk.	The Bank controls operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Bank's franchise. The management of Operational risk involves Risk Control Self-Assessment (RCSA) of all the processes in the Bank, establishment of Key Risk Indicators (KRIs) and approaches for mitigating them, maintenance of loss database, Business Continuity Management, Third Party Risk Management etc.
4	Liquidity Risk	This is the risk to Coronation Merchant Bank's income and capital adequacy arising from its inability to meet obligations as and when due and at reasonable cost. This makes the Bank vulnerable to litigation, damaged reputations, and financial loss.	The Bank uses the following methods to control liquidity risk: • Robust ILAAP Framework in place, with quarterly reporting to the BoD. • Frequent monitoring and reporting of all Basel II/III liquidity monitoring ratios to relevant stakeholders. • Balance sheet trend showing key ratios performance in terms of capital, liquidity, asset quality and concentration. • Limit trigger and/or breach escalation. • Daily monitoring of interBank placement with counterparties to ensure the Bank's capital is protected. • The activation of a contingency funding plan as last resort where necessary. The management of liquidity in the Bank is a critical function shared amongst the treasury, market risk management and ALCO. Monitoring and reporting are done by the former while the latter coordinates activities to ensure the Bank's liquidity is optimal.
5	Interest Rate Risk in Banking Book (IRRBB)	Interest rate risk on the Banking book (IRRBB) is defined as "the current or perspective risk to the Bank's capital and earnings arising from adverse movements in the interest rates that affect the institutions Banking book	The Bank mitigates interest rate risk in Banking book using defined limit for various instruments and securities. Typically, the Banking book is priced on a floating interest rate basis with respect to the MPC decisions and the general market conditions. The management of IRRBB is driven through regular reviews by ALCO. They also develop policies on the type of deposits to take and those to deemphasize to manage down the Bank's re-pricing gap risk.
6	Reputational Risk	Reputational risk is the potential threat that the reputation of Coronation Merchant Bank can be damaged by one or more reputation events due to negative publicity, adverse rumours or public perceptions about the Bank's business practices, conduct or financial condition.	The control and mitigation of reputational risk is a key function of Operational risk department, and supported by the Brand and communication unit of the Bank especially in the media space. They monitor media publication and information about the Bank in a methodical manner. The customer service department serves as the first line of resolution of customer dissatisfaction and as such officers in this department are properly trained to empathize, listen and handle complains in a professional manner. Periodic review and monitoring of established reputational risk matrix. Development of a robust Crisis Management and Communication Framework. Active engagement of the Crisis Management Committee who has the overall responsibility to manage all forms of crisis in the Bank

7	Environmental, Social & Governance Risk	The environmental, social and governance (ESG) risks of Coronation Merchant Bank refer to the potential negative consequences to our business that may result from the impacts (or perceived impacts) of our business operations and activities on the natural environment (such as air, water, and soil), communities of people (including employees, customers, residents), and our internal governance practices (such as compliance with standards, laws and regulations)	• The Bank is committed to complying with national E&S laws and regulations and aim to be consistent with international standards and best practices for E&S risk management. These include: (a) Nigerian Sustainable Banking Principles (NSBPs); (b) National environmental, health & safety, and labour laws and regulations; (c) United Nations Declaration of Human Rights; (d) ILO Core Labour Conventions; and (e) IFC Performance Standards (IFC PS) and relevant World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) • The Board-approved ESG Framework provides an effective tool to manage ESG risks within the Bank. • Partnership with various Development Finance Institutions (DFIs) has further strengthened ESG management in the Bank. • In managing E & S risk, the Bank continuously monitors its portfolio of risk assets and investments under the auspices of financial performance and environmental and social risk considerations via Environmental and Social Due Diligence, Environmental and Social Risk Screening, Environmental and Social Risk Categorization, Environmental & Social Risk Review and Monitoring.
8	Credit Concentration Risk	This is defined as risk that may arise from lopsided distribution of the Bank's loans to individual borrowers, a product type, a Bank of related parties or an industry/geographical location.	The Bank manages Concentration Risk by setting internal limits that guide concentration risk. These internal limits act as triggers for the regulatory limits. Stop lending decisions are the last resort when a sector or counterparty etc. has triggered the internal limits set. • To effectively manage this risk, the Herfindahl-Hirschman Index (HHI) is used to measure the level of concentration risk within both borrowing customers as well as depositors/ counterparties. • Single name concentration, Sectorial concentration, deposit, counterparty and concentration of products are various levels of monitoring concentration risk in the Bank.
9	Investment Risk	Investment risk is the probability or likelihood of occurrence of losses to the Bank relative to the expected return on investments due to changes in market prices of investments.	The management of Investment risk is achieved with the following: • Significant investments approved by the Board after review by top management • Stringent portfolio selection and diversification strategies • Highly experienced professionals in the Investment unit advise on strategic investments

10	Legal Risk	Coronation Merchant Bank sees legal risk as potential loss due to type and nature of agreements and contracts.Legal risk is the current or potential risk of loss to earnings and capital arising from violations or non-compliance with agreements, laws, rules, regulations, prescribed practices, or ethical standards and the possibility of inappropriate interpretation of effective laws or rules.	The Bank adopts a proactive approach to the management of its legal risk. Staffed with a qualified legal team and armed with formal polices and controls; steps for mitigation of these risks include: • Recruitment of qualified Legal team • Training and retraining of all staff in basic legal precept with regards to business relationships • Review of all relevant laws, regulations and pronouncements made by the relevant regulatory authorities and application of same to the Bank's businesses and relationships. • Review of all disputes involving the Bank to ensure that the best approach is adopted in resolving them. • Review of all Agreements and loan documents to ensure that the Bank is adequately protected and that they are in conformity with the Bank's policies, and relevant laws and regulation. • Actively support the solicitors with the necessary information and documents and follow up on the matters to ensure effective representation. • Continuous monitoring of all pending legal disputes to prevent avoidable loss to the Bank. • Development and enforcement of a Legal Risk Management framework. • Proactive allocation of capital to absorb the impact of possible claims on the Bank.
11	Cyber/ Information Security Risk	Coronation Merchant Bank defines Cybersecurity risk as the probability of exposure or loss resulting from a cyber attack or data breach on critical information assets.	• The Bank adopts CBN's risk-based cybersecurity framework • Leverages on standard frameworks. E.g. ISO 27001, ISO 22301. • Aligns with CBN IT blueprint on Information Technology security • Implements Nigeria Data Privacy Regulation (NDPR) / Nigeria Data Privacy Act (NDPA) requirements to address data Privacy • Implements Layered security to address all enterprise security architecture • Continuous review of the information security strategies to measure effectiveness and to identify areas of improvement. • Capacity Building to enhance competence to manage information and cyber security exposures to ensure confidentiality, integrity and availability of information assets • Partners with cybersecurity companies and consulting firm(s) for the management of cybersecurity operations. • Subscription to security organizations for knowledge sharing • Enhanced due diligence before onboarding vendors • Adopt pratical approach to improving critical cybersecurity infrastructure i.e processes to Identify, Protect, Detect, Respond, and Recover from incidences. • Tailored awareness training/publication for staff and customers.

11	Cyber/ Information Security Risk	Coronation Merchant Bank defines Cybersecurity risk as the probability of exposure or loss resulting from a cyber attack or data breach on critical information assets.	• Develop a process of measuring the effectiveness of our information security controls • Seek stakeholders' expectations of information security to align their goals to security strategies

Risk Management Philosophy and Culture

The focus of Enterprise Risk Management at Coronation Merchant Bank is the assessment of significant risks and the implementation of suitable risk responses. At Coronation Merchant Bank, we identify and manage enterprise risks to reduce the uncertainty associated with executing our business strategies and maximize opportunities that may arise. Risks can take various forms and can have material adverse impact on our reputation, operations, human resources and financial performance.

The Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices characterizing how the firm considers risk in everything it does, from strategy development and implementation to its day-to-day activities.

Risk management philosophy is a continuous process that supports the development and implementation of the Bank's strategy. The Bank believes that risk management will provide the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks.

This is to facilitate:

- Increase in the likelihood of successful delivery on its goals and objectives;
- Proactive identification, management and reporting to all stakeholders;
- Assumption of risks that falls within the defined risk appetite;
- Compliance with all government laws and regulations;
- Better assessment of risks associated with changes in its environment;
- Better description of Coronation Merchant Bank's risk management strategies to customers and other stakeholders;
- Responsible Risk Acceptance;
- Adequate support for Risk Management by Executive Management and Board;
- Better management of uncertain outcomes;
- Strengthening of accountability;
- Enhancement of stewardship.

Guiding Principles

Coronation Merchant Bank has identified the following attributes as guiding principles for its risk culture. The board and senior management shall:

- Establish and promote a strong culture of adherence to limits in managing risk exposure and ensure that the long-time survival and reputation of Coronation Merchant Bank is not jeopardized while expanding the market share;
- Promote awareness of risk and risk management across the Bank and its subsidiaries;
- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and company-wide risk profile to consider what is best for individual business units and department and what is best for the company as a whole;
- Retain ownership and accountability for risk and risk management at the business unit or other points of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;

- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market facing business units and risk management control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behavior in development of strategy and pursuit of

Objectives, Scope and Coverage

Core Objective

Core objective of risk management is to provide a reasonable degree of assurance to the Board of Directors that the risks threatening Coronation Merchant Bank's achievement of its objectives are identified, measured, monitored and controlled through effective integrated risk management system covering Credit risk, market risk, operational risk, investment risk, liquidity risk, reputational risk, money laundering & terrorist financing risk, cyber security/ information security risk, Environmental, Social and Governance (ESG) risk and other material risks.

The risk management vision of Coronation Merchant Bank is "To institutionalize a world class risk management framework that supports the achievement of our corporate vision and preserves the wealth of our stakeholders".

Supporting Objectives

- To identify material risks and ensure that business plans are consistent with our risk appetite;
- To ensure that our business growth plans are properly supported by an effective and efficient risk management function;
- To optimize our risk and return trade-offs by ensuring our business units act as primary risk managers.
- To protect us against unexpected losses and reduce volatility of our earnings;
- To maximize opportunities, earnings potential and ultimately our stakeholders' value;
- To improve the control and coordination of risk taking across the Bank.
- To build a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring that cost effective and legitimate precautions are taken to protect all stakeholders 'interests.
- To formalize and communicate Coronation MB's commitment to achieving compliance objectives of remaining fully aligned with regulatory requirements of the CBN and other regulatory and legal requirements that are relevant and applicable to Coronation Merchant Bank.

Scope and Coverage

Enterprise Risk Management will cover all the risks arising out of the business of Coronation Merchant Bank irrespective of whether they arise at exposure level or at settlement level.

Risk Management Strategy

Coronation Merchant Bank adopts the following strategies in its risk management process:

- To establish a robust risk management governance structure for managing all major aspects of our activities through an integrated planning and review process that includes strategic, financial, customer and risk planning;
- To reinforce the risk management framework to fully support the strategic business units and the overall business strategy of the Bank. The risk management strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control in all aspects of the firm's activities;
- To embed enterprise-wide risk management principles in our processes, with emphasis on protecting the company's shareholders and other stakeholders from risks;
- To ensure there is a balance between risk /opportunities and revenue consideration with our risk appetite. Thus, risk-related issues will be considered in all our business decisions;
- To empower all staff to proactively identify, control, monitor, and regularly report risk issues to management;
- To clearly document the risk management policies and procedures, which are clearly communicated to all members of staff;
- To avoid products, businesses and markets that we do not fully understand or for which we cannot reasonably and objectively measure and manage their associated risks;
- The risk management strategy will be driven by the overall corporate objective with emphasis on protecting the firm from risks while increasing its market share;
- Ensure the existence and appropriate implementation of a risk management process that is well articulated to identify, assess/measure, monitor and control all the identified risk elements;

Risk Appetite

Coronation Merchant Bank's risk appetite is the extent to which risks should be acceptable to it in pursuance of its business strategies. The Risk appetite process aims at balancing positive (sizeable improvement in returns) and negative (large losses) aspects of risk-taking. Risk appetite defined is consistent with business strategy and risk culture.

Risk Appetite Statement

Coronation Merchant Bank's risk appetite is reflected in its "moderate" appetite for risk.

Coronation Merchant Bank would accept all medium/moderate risks in every activity it undertakes to achieve set out business and strategic objectives". "The quantitative expressions of our medium/moderate risk appetite are reflected in the limits and thresholds, backed by operating policies and procedures. These quantitative thresholds cut across the entire sphere of the Bank's business and are implemented along with qualitative expressions to protect the Bank's going concern status".
This statement of risk Appetite seeks to identify and formally communicate the strategies for the effective management of the key drivers of value in the attainment of the major strategies outlined in Coronation Merchant Bank's corporate strategic plan.

Strategic Component	Target Value	Broad Statements
Financial Management	Optimum Value Creation	The Bank shall continue to maintain financial prudence and discipline and would not embark on projects that would adversely affect its financial performance/targets and shareholders value. The Bank shall maintain unencumbered capital and liquidity capacity against uncertain future occurrences.
Business Management	Drives behaviour	The Bank's business strategy shall be driven by best standards of behavior and fair trading in Treasury, Marketing & Sales, Credit, and Investments.
Enterprise decision making	Selection of products and Investments	The Bank shall strive to increase its market position with principal focus on the value driven products and Investments with moderate risk profile
Risk Management	Customized Risk Profile	The Bank shall proactively manage all risks by aligning its people, technology and processes with best risk management practices towards enhancing equity value and sustaining industry leadership.
Prudential Compliance	Meet Prudential requirements	Zero tolerance for regulatory infractions.Full compliance with all regulatory requirements."

Non- Qualifying Risk Transactions

In line with its risk tolerance, Coronation Merchant Bank shall not process facilities or engage in transactions for the following purposes:

- To support illegal tenacities
- To purchase illegal fire arms
- To support gambling activity
- To support illegal military activity
- To support production and distribution of illicit drugs
- To support act/acts of terrorism
- To support production or activities involving forced labour or child labour;
- Trade in wildlife or wildlife products regulated under CITES;
- Racist or anti-democratic media
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations;
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where Coronation Merchant Bank considers the radioactive source to be trivial and/or adequately shielded.
- Significant alteration, damage, or removal of any critical cultural heritage; or
- Relocation of Indigenous Peoples from traditional or customary lands.

The Bank's risk appetite is defined using qualitative and quantitative measures where appropriate. Coronation Merchant Bank measures its performance against its risk appetite and reports same to Senior Management and the Board monthly.

Credit Risk Appetite

The expression of the Bank's credit risk appetite is captured through portfolio and regulatory limits. For any given regulatory risk parameter, it is the practice of the Bank to also have an internal limit, which acts as a trigger for the Bank.

1. For portfolio quality, the Bank's target is to maintain an NPL ratio <=3%, which is 200 basis points below the regulatory NPL ratio of <=5%.
2. The Bank's minimum acceptable risk rating of BBB+ for all its obligors ensures credits are extended to obligors who are deemed credit-worthy and have the capacity to repay their loans as at when due.
3. To mitigate concentration risk in our loan portfolio, the Bank adopts a more conservative Single Obligor Limit (SOL) of 500 basis point lower than the regulatory SOL of <=50% of shareholders' funds
4. To ensure diversified portfolio across all economic sectors, the Banks adheres to regulatory guidelines on this whilst supporting varied industries in each of the larger economic aggregation.
5. To maintain a good capital cover for credit risk exposures, the Bank's Capital Adequacy Ratio (CAR) is capped at 12.5%-15%, above >=10% mandated by the regulators. All Basel III capital ratios are strictly adhered to, monitored and reported to management, the BoD and regulators as applicable.

The set limits are internal, considering both the guide (Regulatory limits) and the Bank's tolerance in line with the overall strategy.

Operational Risk Appetite

The Bank will not tolerate any unethical business practices under any circumstances. This means that losses due to unethical business practices, either in the form of Operational Risk (direct) or in the form of Reputation Risk (indirect) will not be acceptable to the Bank under any circumstances.

- Zero tolerance for fraud both internal and external
- Zero tolerance for operational risk losses in the Strategic Support Banks
- Zero tolerance to reputational risk factors
- Zero tolerance to Information security breaches

Market Risk Appetite

Coronation Merchant Bank market risk appetite derives from a system of comprehensive market risk limits. The following risk limits guides our appetite:

- Exposure Limits for various instruments in Trading Book: Exposure Limits are set such that performing non-maturity analysis of the liabilities are based on historical data. The deposits of the Bank should be able to fund the Bond portfolio and Corporate Investment positions
.
- Portfolio Stop Loss Limits: Stop Loss limits are set based on the maximum that the Bank is willing to lose on its capital. stop loss limits are set for trading assets, bonds and FCY exposures.

- Management Action Triggers: The Management Action Trigger is set at 20% of budgeted monthly trading income for trading assets. When losses beyond this level are incurred, a review of the trading strategy shall be carried out.

• Counterparty Limit: The Bank has a comprehensive Internal Rating Model from which it determines the threshold of its investment in an entity/security.

• Dealers' Limit: The Bank sets dealer limit based on the dealers level, structure and knowledge in trading an instrument.

• Value at Risk (VaR) Limit: This represents a portion of the capital set aside for market risk purposes. It is measured as a percentage of shareholders' funds.

• Security Position Loss Limit: This refers to mark-to-market loss on each security position.

Capital Management

Overview

Capital is core to the Bank's financial strength and long-term sustainability. It is the residual interest in a Bank after deducting liabilities from its assets. Capital provides a stable resource to absorb any losses and thus provides a measure of protection to investors, creditors, and other key stakeholder's interest in the event of liquidation.

Capital is used principally to support assets in the Bank's businesses and to absorb credit, market, operational losses, as well as any losses that may crystallize from Pillar II risks. Capital is one of many factors considered when assessing the safety and soundness of any financial institution. An adequate capital base acts as a safety net for the variety of risks that an institution is exposed to in the conduct of its business. It is available as a cushion to absorb possible losses and provides a basis for confidence in the institution by depositors, creditors, and others.

Coronation Merchant Bank primarily generates capital through earnings from its operating businesses. The Bank's capital levels may also be affected by changes in accounting and regulatory standards, changes in financial assets prices and values etc.

The Bank identifies the need to have sound capital management practices. In the business of risk taking, the Bank expects that projections will evolve from strategies. These projections may/may not be realized thereby resulting in some form of losses. The key objective of capital management is to achieve expected returns on capital employed, prevent losses, and have buffers for losses where necessary. This Capital Management Policy documents the guidelines for the allocation and management of capital and resources among all the business lines within the Bank. The framework comprises principles and governance structures as well as monitoring and reporting requirements which are necessary for efficient allocation of capital by the Bank.

Therefore, annually, the Bank develops a plan for maintaining adequate capital. This plan includes:• the Bank's capital projections;

• underlying assumptions supporting the projection;
• quantity, quality, and sources of additional capital required (if any);
• availability of any external sources identified; and
• estimate of the financial impact of raising additional capital.

Capital Assessment and Planning

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) consists of comprehensive risk assessment, risk appetite determination, capital planning and management; and governance structure. The Bank adopts a forward-looking approach for effective implementation of its ICAAP with the following main components.

• Risk Governance Structure
• Sound capital assessment and planning
• Comprehensive assessment of risks
• Stress testing
• Monitoring and reporting
• Internal audit review

Capital planning is carried out by the Bank in alignment with its strategic objectives and business plans. The capital requirements are assessed to ensure adequacy of capital for supporting business growth envisaged in the business plans. Changes expected in the risk profile of the Bank in the near future are equally adequately considered.

Consequently, an internally determined buffer more than regulatory minimum level and preferably higher than the average industry level capital is maintained by the Bank.

Regulatory capital and economic capital are computed for the Bank's risk profile at normal conditions. However, in stressed condition of the present risk profile, there are certain losses that if incurred may lead to unexpected losses. These losses require additional capital to be set aside to absorb the losses which are determined as part of the ICAAP.

Capital Management Strategy

The Bank considers capital management to be the process of monitoring and controlling the Bank's vulnerability to industry changes. Coronation Merchant Bank recognizes the need to ensure current capital adequacy as well as to plan for future capital needs, both to comply with Bank regulations and to assure future Bank expansion. Balancing risk and return and taking cognizance of the capital required demands rigorous analysis. The aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders and providing security to our other capital providers and clients, as well as ensuring overall sustainability in our business activities.

Coronation Merchant Bank's comprehensive capital management programme involves:

- establishing and implementing sound and prudent guidelines governing the quantity and quality of capital required to support the institution; and
- developing and implementing appropriate and effective procedures to monitor, on an ongoing basis, the Bank's capital requirements and capital position to ensure that it meets its capital requirements and will continue to meet its future capital needs.

Every business activity in the Bank requires putting capital at risk in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in other activities the level of return can vary over a very wide spectrum, ranging from a loss to a profit. Accordingly, the risk and capital management framework involves:

- Understanding the nature of the risks we are taking, and what the range of outcomes could be under various scenarios, for taking these risks;
- Understanding the capital required to assume these risks;
- Understanding the range of returns that we can earn on the capital required to back these risks; and
- Attempting to optimize the risk-adjusted rate of return we can earn, by reducing the range of outcomes and capital required arising from these risks and increasing the certainty of earning an acceptable return.

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

The Bank's capital management strategy is focused on maximizing shareholder value by optimizing the level and mix of capital resources. Decisions on the allocation of capital resources are based on many factors including return on economic capital (EC) and on regulatory capital (RC), and are part of the Internal Capital Adequacy Assessment Process (ICAAP).

Capital Allocation

Capital allocation is a system of distributing financial resources to various sectors (business lines) in the Bank to increase efficiency and thereby maximize profits. Overall, it is management's goal to optimize capital allocation so that it generates as much wealth as possible for its shareholders.

While the goal is to maximize shareholders' equity, the challenge lies in determining the allocation to each line of business to carter for the risks associated with the line of business and yield the most significant benefit.

Given limited capital and higher expectations from shareholders, the board of directors serve the interests of investors by guiding management to direct capital to the highest return alternatives after providing appropriate oversight to help management fully consider and manage the risks of the enterprise.

Specifically, the Bank considers the following parameters in allocating its capital.

- Risk appetite
- Expected return such as:
    - Return on Equity (ROE)
    - Internal Rate of Return (IRR)
    - Return on Investment (ROI)
    - Net Present Value (NPV)
- Risk Adjusted Performance Measure such as:
- Risk Adjusted Return on Capital (RAROC)
    - Economic Value Added (EVA)
    - Return on Embedded Value (ROEV)
- Cost of capital
- Impact of solvency requirements (i.e. regulatory and economic capital)
- Regulatory constraints
- Market growth potential
- Pay Back Period (PBP) (For non-business as usual investments or projects/products) and
- Reputational Impact.

Capital Monitoring & Reporting

Coronation Merchant Bank monitors its capital levels using different definitions of capital. This method helps it to stay in compliance with regulatory limits. The practice of Basel principles has also influenced some of the capital considerations.To this end, there are 5 levels of capital monitoring and requirements described below:

S/N	Capital Type	Brief Description	Monitoring Frequency
1	Regulatory Capital	The minimum capital required by the Apex Bank as part of its regulatory guidelines.	Daily
2	Economic Capital	This capital is calculated for all risks to which the Bank is exposed. It considers both Pillar I & II Risks. The Economic capital consider all the risks computed for regulatory capital in addition to others but may be lower in value due to difference in models.	Annually
3	Stressed Capital	This is derived from calculation of unexpected losses from the three Pillar I risks.	Annually
4	Desired Capital	The is obtained from the addition of stressed capital and the pillar II economic capital requirements. It is the ideal amount of capital a Bank should keep.	Annually
5	Capital Buffer	In compliance with the Basel III capital Buffers, the Bank shall maintain a minimum capital adequacy ratio 200 - 500 basis points above the regulatory 10%	Daily

The purpose of capital management reporting is to enable stakeholders to evaluate the adequacy, effectiveness, and efficiency of capital management processes. The capital management reporting process includes internal and external reporting. The reporting system is expected to be accurate, informative, timely and, relevant to the needs of the different stakeholders.

Regulatory Reporting: The regulatory reports on capital management by the Bank includes all reports as stipulated by the applicable regulatory bodies (CBN, FMDQ, FRCN, SEC etc). Examples: CAR report, ICAAP report, etc. Management/ board Reporting: These include reports that are not regulatory but are required by Management and the BoD for effective decision making. Example: Stress test report, Dashboard report.

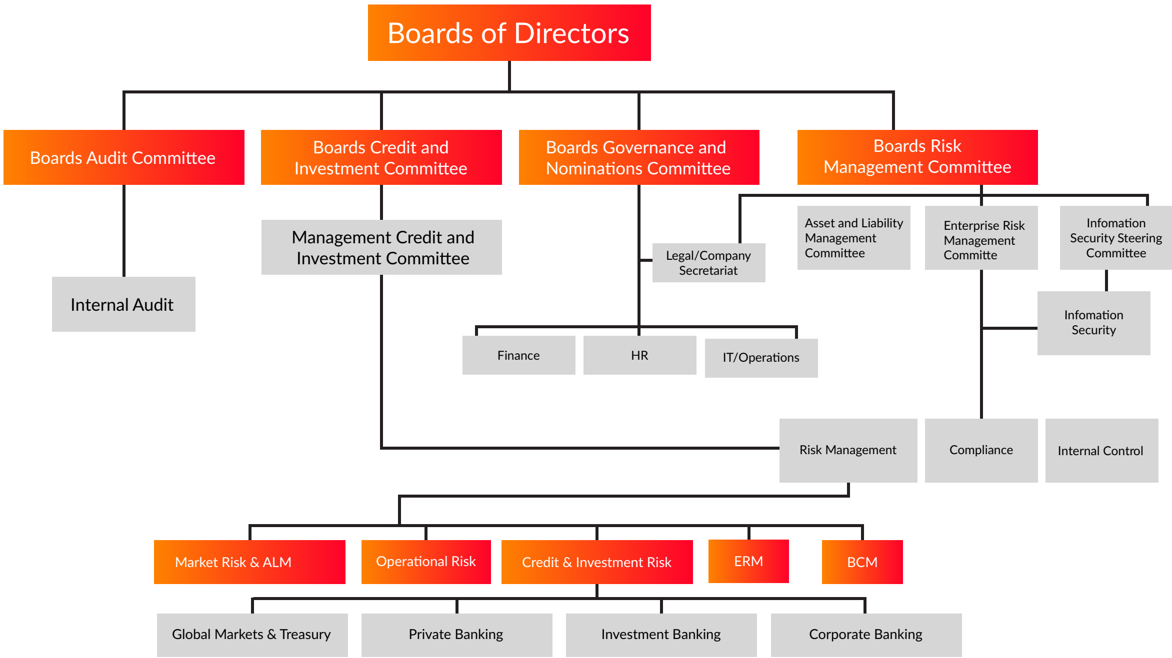
Risk Management Governance Structure

In Coronation Merchant Bank, the board has the ultimate responsibility for risk management and is supported by four board-level committees. The board approves the enterprise risk management Framework and the Bank's Risk Appetite Policy based on the recommendation from the board Risk Management Committees.

The risk management governance structure ensures that the board has oversight functions through its standing board Committees, each of which has a separate Charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure, and reporting lines to the board. Although the board functions may be delegated to the board Committees, the ultimate responsibility for risk management in the Bank lies with the board. Hence, in line with best practice, the Chairman of the board does not sit on any of the board Committees.

The board risk committees are responsible for the effective implementation of the enterprise risk Management Framework. The chairman of the committees approves the use of sub-committees to support the risk committees risk management, including the portfolio trends, prudential ratios, policies and standards, stress testing, liquidity, and capital adequacy, and is authorized to investigate or seek any information relating to an activity within its terms of reference.

In Coronation Merchant Bank, the day-to-day risk management function is effectively anchored through the machinery of the approved risk management governance structures as shown below:



First Line of Defense - Risk Management and Ownership

This consists of business units and line functions with primary responsibilities for risk management. The first line of defense involves the actual business units where the transactions are consummated, executed, valued, and recorded. Most preventive controls are implemented at this level and detective controls help to manage control breaks at the transaction level. The primary responsibilities and objectives of the first line of defense (business unit and risk takers) are:

- Managing risks/implementing actions to manage and treat risks at a transaction level;
- Implementing risk management processes on an ongoing basis as changes occur with business mix, systems, or regulatory and other requirements; and
- Executing risk assessments and identifying emerging risks at the transaction/business case level.

Second Line of Defense - Risk Oversight, Policies & Methodologies

The second line of defense consists of Board Risk Committees, Risk Management, Legal, Internal Control & Compliance departments who are responsible for providing independent risk oversight, putting in place policies, monitoring and challenging the effectiveness of Coronation Merchant Bank's risk management processes. The main objective of the second line of defense composed of the Chief Risk Officer (CRO), Chief Compliance Officer (CCO), Head of Risk functions, Head of Internal Control, and Head of Legal is to provide oversight on the execution of the frontline controls. The second line of defense is responsible for monitoring the controls that have been designed with the following main responsibilities:

- Assist in determining risk capacity, risk appetite, allocations, and strategies for managing risk
- Establishing risk management policies, methodologies, and processes;
- Strategically linking the controls of risk enterprise-wide;
- Providing guidance and coordination among all monitoring participants (Risk Management, Compliance, Internal Control, and Legal departments);
- Identifying enterprise trends, synergies, and opportunities for change;
- Initiating change, integrating, and making new monitoring processes operational; and\
- Oversight over key risks like credit, market, operational, liquidity, legal etc.

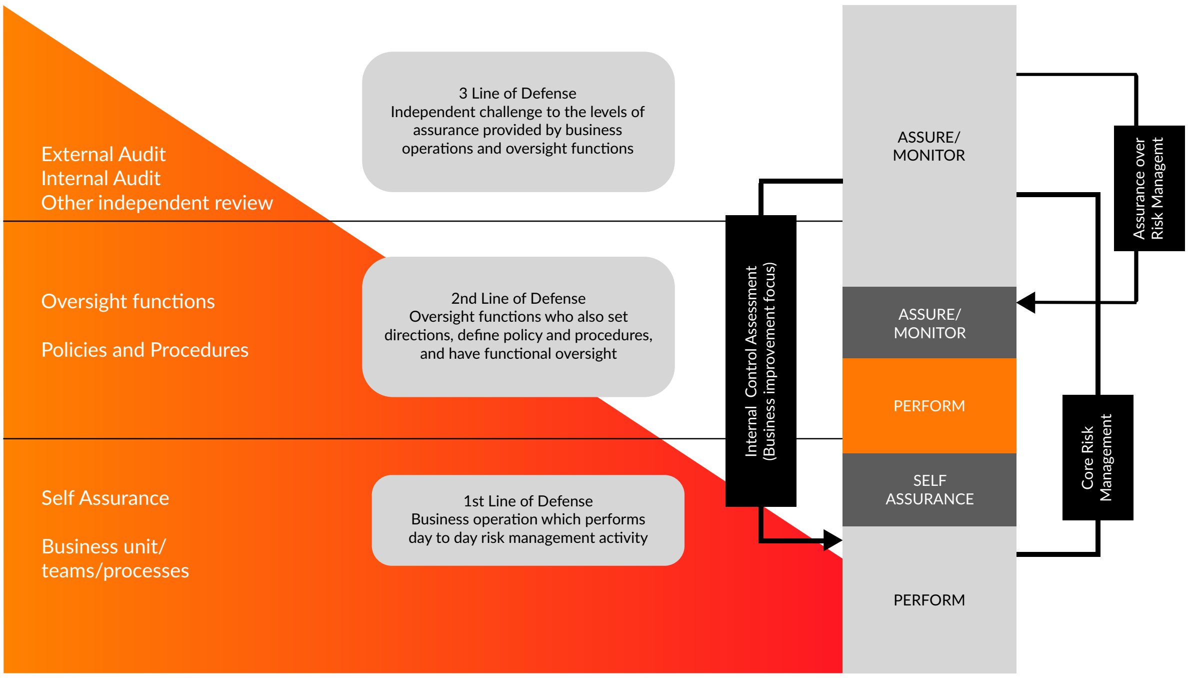
Third Line of Defense - Risk Assurance

The third line of defense consist of the internal audit department, external auditors, external assessors, and regulators with primary responsibilities for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Coronation Merchant Bank's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the controls design and effectiveness. The main duties of this line of defense include:

- Provide independent and objective assurance on the overall effectiveness of the risk governance framework, design, and implementation
- Providing oversight on the risk management process;
- Reporting to the executive management committee, the audit committee, and the board of directors on:

    i . the state of the control environment;
    ii. gaps in the controls or monitoring environment;"

Three Lines of Defence



Roles and Responsibilities

Coronation Merchant Bank's risk management framework describes roles and responsibilities of the Board of Directors, Board Committees, Executive Committees, and various departments involved in the risk management framework.

The specific roles and responsibilities of the various Committees are as set out below.

Board of Directors (BOD)

Board of Directors (BOD) representing the interests of stakeholders and has the ultimate responsibility for risk management in the Bank. According to the Board Charter, the BOD has the primary responsibilities for:

- Setting the tone at the top and oversee management's role in fostering and maintaining a sound corporate risk culture.
- Approval of risk policies to ensure there is an efficient set of standards for risk management throughout Coronation Merchant Bank that include risk identification, quantification, setting of exposure and risk limits, monitoring, controlling and reporting.
- Setting appetite for risk taking at the enterprise level and at other various levels in consistence with business strategies of the Bank.
- Ensuring effectiveness, independence, and integrity of risk management system through internal control & audit.
- Periodically (at least annually) reviewing the risk strategy and significant risk policies of Coronation Merchant Bank.
- Establish Coronation Merchant Bank's overall strategy and policies relating to the management of individual risk elements to which the Bank is exposed.
- Approve Coronation Merchant Bank's risk appetite and monitor the risk profile against this appetite.
- Ensure risk strategy reflects Coronation Merchant Bank's risk tolerance.
- Ensure that Coronation Merchant Bank has an appropriate and adequate communication plan for managing individual risk elements.
- Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.
- Ensure that senior management as well as individuals responsible for managing individual risks facing Coronation Merchant Bank possess the required expertise and knowledge to accomplish the functions of the risk management division.
- Ensure senior management takes necessary steps to identify, measure, monitor, control and report all risks Coronation Merchant Bank is exposed to.
- Ensure that management maintains an appropriate system of internal control and review its effectiveness.

The Board of Director's Risk Management oversight functions shall be delegated to the Board Risk Management Committee (BRMC) & Board Audit Committee. Without prejudice to the roles of these committees, the full board retains the ultimate responsibility for risk management.

Board Risk Management Committee (BRMC)

The BRMC is responsible for all Material Risks in Coronation Merchant Bank. The committee is established by the BOD as a standing committee to assist the BOD in its Risk Management responsibilities. The committee has full responsibility of assisting the BOD in formulating strategies for Enterprise-Wide Risk Management, evaluating overall risks faced by Coronation Merchant Bank, aligning risk policies with business strategies and determining the level of risks which will be in the best interest of the Bank.

The roles and responsibilities of the BRMC are:

- Primary role of the BRMC is to effectively coordinate the efforts of Risk Committees to provide an integrated view of risks faced by the firm to the BOD at regular intervals and to effectively implement the BOD's strategy for risk management
- Based on the reports received, the BRMC will take decisions and provide guidance / mandate to risk committees and relevant functions of the firm on management of risks.
- Make suitable recommendations to the BOD as it deems fit and examine any other matters referred to it by the BOD.
- BRMC will review issues raised by Internal Audit that impact risk management and make suitable recommendations to the BOD.

- The Committee, by the powers delegated to it by the BOD, will approve any changes in risk policies. Changes to the policy approved by BRMC must be ratified by the BOD within an acceptable timeframe set by the BOD.
- Approval of exceptions to the risk policies upon thorough enquiry into circumstances leading to exceptions, nature, size and genuineness of exceptions. Repetition of exceptions of similar nature should lead to changes in the policy. Repeated instances of similar exceptions are handled through changes in the policies rather than approved as exceptions.
- BRMC will review the roles of the risk committees, at least on an annual basis, based on revision in policies and provide suitable recommendations to the BOD.
- Ensure that adequate policies and controls are in place to manage the adverse effects of risks in the operations of Coronation Merchant Bank;
- Evaluate the adequacy of Coronation Merchant Bank's risk management systems and control environment;
- Review Coronation Merchant Bank's processes for assessing and improving internal controls, particularly those relating to areas of significant risk;
- Approve the provision of risk management services by external service providers;
- Monitor compliance with established policies through periodic review of reports provided by management, statutory auditors and the supervisory authorities;
- Approve the appointment of senior officers to manage risks; and
- Review reports on Coronation Merchant Bank's risk profile, the action plans put in place to manage high risks and monitor progress against plan to achieve these actions.

Board Credit and Investment Committee (BCIC)

The Board Credit and Investment Committee shall under delegated authority be responsible for the following:

- Facilitate the effective management of credit and investment risks by the Bank
- Approve definition of risk and return preferences and target risk portfolio
- Approve the Bank's credit rating methodology and ensure its proper implementation
- Approve credit policy, credit risk appetite and portfolio strategy
- Approve lending decisions and proposed credit limits
- Approve new credit products and processes
- Approve assignment of credit approval authority on the recommendation of the Management Credit and Investment Committee (MCIC)
- Reviews the roles of the Management Credit and Investment Committee and Criticized Assets Committee, at least on an annual basis, based on revision in policies and provide suitable recommendations to the BOD
- Approve credit facility requests and proposals within limits defined by Coronation Merchant Bank's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities
- Recommend credit facility requests above stipulated limit to the BOD
- Review credit risk reports on a periodic basis

Asset & Liability Management Committee (ALCO)

The Asset & Liability Management Committee (ALCO) shall

- Approve Coronation Merchant Bank's ALM, Market risk strategies and the policies and procedures for identifying, measuring, controlling, monitoring and reporting market and liquidity risks;
- Endorse the Funding and Liquidity Plan;
- Establish significant funding source limits and review exposure reports;
- Approve a course of action for rectifying any breach of liquidity limits;
- Direct the acquisition and allocation of funds, while managing asset/liability volumes, mix, maturity, yield, and rate to achieve a net interest margin that is suitable and supportive of income objectives with consideration of the constraints imposed by the regulatory requirements, liquidity needs, and market factors;
- Approve risk control limits such as position, concentration, currency, dealing, gap, total portfolio, and counterparty limits;
- Ensure implementation of liquidity strategies, funding and trading activities and assets and liability mix;
- Establish significant funding source threshold and review exposure reports for reasonableness, consistency, and completeness;
- Set targets for liquidity ratios, review ratios against their targets and approve a course of action for rectifying any breach of the targets;
- Approve Market Triggers, address 'trip' of Market Triggers, including documentation of decisions and actions;
- Review the economic, political and regulatory environment for asset/ liability and liquidity planning purposes;
- Assess Coronation Merchant Bank's liquidity strategies, key assets and funding programs and balance sheet composition;
- Monitoring the performance of Coronation Mb's Net Interest Income (NII), the expected trend of NII based on implied interest rates and the sensitivity of the NII to changes in interest rates;
- Review the Contingency Funding Plan prepared by the Treasurer;
- Address the overall capital plan including capital planning, capital allocation and risk-based capital adequacy;
- Assist in the quality control process by reviewing reports for reasonableness, consistency and completeness.

Enterprise Risk Management Committee (ERMC)

As stated in the charter, ERMC functions include

- Address all categories of material risks, and their components, to which the Bank is exposed.
- Manage significant/material risk exposures (individually or in the aggregate) at a much higher level than the individual business units.
- Place the interests of the Bank ahead of individual business unit interests.
- Provide for and champion enterprise-wide risk management (as earlier defined) and achievement of Coronation Merchant Bank's risk philosophy, culture, and objectives.
- Provide for consolidated supervision of the Bank's different activities and legal entities, alliances, and joint ventures.
- Overseeing the establishment of a formal written policy on Coronation Merchant Bank's overall risk management framework. The policy shall define risks and risk limits that are acceptable to Coronation Merchant Bank.
- Ensuring compliance with established policy through periodic review of reports provided by the risk management unit, internal auditors, external auditors, and the regulatory authorities.
- Approving the appointment of qualified officers for the risk management function.
- Overseeing the management of all other risks in the Company except for Credit and Investment risks.
- Evaluating the adequacy of Coronation Merchant Bank's risk management systems and the adequacy of the Bank's control environment with management and the internal and external auditors;
- Evaluating Coronation Merchant Bank's risk profile, developing action plans to manage risks, and monitor progress against plan;
- Approving the provision of risk management services by external service providers;
- Reviewing risk reports for presentation to the Board and/or Board committees;
- Review the Contingency Funding Plan prepared by the Treasurer;
- Developing policies and procedures for identifying, measuring, controlling, monitoring and reporting risk.
- Reviewing risk reports on a regular and timely basis;
- Providing all reports required by the Board and its committees for the effective performance of their risk management oversight functions;
- Provide for formal interaction between business units and the sharing of specialized knowledge/research for the mutual benefit of all and the promotion of risk management and corporate governance.
- Provide assurance to shareholders, policy holders, investors, rating agencies, analysts, regulators and others that sound corporate governance and effective risk management prevail throughout the organization.

Management Credit & Investment Committee (MCIC)

- Recommend the credit risk framework for approval by BOD through BRMC and oversee the implementation across the enterprise.
- Review and recommend all amendments to the credit risk policy for the BRMC and BOD approvals.
- Formulation of credit and Investment risk policy and recommend the policy to the Board Credit & Investment Committee for approval.
- Responsible for the implementation of the credit risk policy and investment strategy approved by the BOD
- Review the methodologies and tools for identification, measurement, monitoring and control of credit & investment risk.
- Monitor credit risk, Investment risk and ensure compliance with exposure and risk limits approved by the BOD.
- Review the reports from Credit Risk Management Department, Internal audit and business lines and business lines and take decisions and reports as necessary to the BRMC and/or to BOD
- Review and recommend Investment proposals to Board Credit & Investment Risk Committee.
- Review and recommend credit proposals to Board Credit & Investment Risk Committee. The MCIC shall approve, recommend, or reject such proposals that fall within the powers delegated to the Committee.
- Coordinating with other committees over Asset Liability management and Liquidity issues and carrying out actions based on the same.

Enterprise Risk Management Department

The Enterprise Risk Management Unit performs the following roles

- Spearhead the implementation of the enterprise-wide risk management framework across Coronation Merchant Bank for the management of risks viz market risk, reputation risk, legal and compliance risk, credit risk, investment risk and operational risk etc.
- Develop risk policies, principles, process, and reporting standards that define Coronation Merchant Bank's risk strategy and appetite in line with Coronation Merchant Bank's overall business objectives;
- Ensure that controls, skills and systems are in place to enable compliance with Coronation Merchant Bank's policies and standards
- Perform stress testing on an enterprise-wide level; and ensure compliance with BASEL II and other international best practices in Risk Management
- Ensuring business continuity, defined as the ability to sustain operations in the event of major losses and have crisis management policies in place;
- Identifying and monitoring emergent risks that may be material for the Bank in future due to changes in the risk environment;
- Understanding the business strategy of the Bank and use necessary measures to influence both the board and the managers and employees responsible for making day-to-day decisions;
- Enable the Bank to make decisions based on a better appreciation of the relationship between risk and reward;
- Promote risk awareness while providing education and training on risk management.

Credit Risk Management Department

The Credit Risk Management function of the Bank has specific and overall responsibility for facilitating risk asset creation and exposure management in the Bank. This function encompasses the following as it relates to credit risk:

- Designing and developing credit risk management framework and structures and ensuring Bank wide compliance.
- Coordination of the risk management policy definition process.
- Drafting specific credit risk policies, standards, procedures, and guidelines to manage the credit risk cycle (identify, measure, monitor and mitigate/control).
- Identifying industry best practices, participating in industry conferences, surveys, monitoring trends and emerging practices to be up-to-date on regulations in credit risk and maintaining a repository of all related documents.
- Identify inherent credit, financial and business risks in facility requests; and recommend appropriate structure for credit facilities to ensure that the risk of credit loss is properly mitigated including credit terms, security, and repayment terms.
- Establishing credit risk limits (exposure limits, risk limits, concentration limits etc.), while seeking approval from BOD, monitoring and reporting on an ongoing basis.
- Monitor the performance of the credit rating system on a periodic basis by validating
- Protect the quality of the entire loan portfolio by undertaking portfolio evaluations and conducting comprehensive studies on the environment to test the resilience of the loan portfolio, as per Credit and Investment Risk Policy Guide, on regular basis.
- Timely, accurate and complete reporting of risk assets and risk asset portfolio quality and performance to provide informed basis for management actions and decision-making.

Market Risk, ALM & Investment Risk Management Unit

- Ensure that Coronation MB's Market Risk Policy is strictly adhered to.
- Formulate and implement the risk measurement methods within the parameters set by risk management.
- Monitor the various limits set for Market Risk and Asset & Liability mismatch in Coronation MB's portfolio
- Perform mark to model valuation of instruments for which models have been approved by the senior management of Coronation MB
- Periodically assessing the quality and availability of market inputs to the valuation process, level of market turnover, sizes of position traded in the market.
- Computing the sensitivity-based measures for the various risk factors in the trading book
- Ensure that risk reporting is carried out daily and any exceptions are reported accurately to all the relevant stakeholders

Operational, Reputational & Strategic Risk Management Unit

- Evaluating internal processes by identifying, assessing, monitoring, managing and continuously improving key operational risk areas.
- Recording of the Operational Risk losses, developing controls to reduce losses from operational failures and avoiding potentially large operational risk losses
- Conduct periodic Risk & Control Self-Assessment procedures for all the departments. Review of Risk and Control Self-Assessment (RCSA) reports in order to identify Reputational risk factors

- Identification & continuous updating of Key Risk Indicators and maintaining risk registers for all the departments in the Organization
- Ensure backward-looking and forward-looking analysis of Reputational risk events so that practical actions can be undertaken by Management
- Strategic Risk Assessment workshops to assess the likelihood of occurrence and impact of the risk events.
- Management and reporting of Strategic risks on a periodic basis to the Senior Management

Roles & Responsibilities of IT Control and Information Management Unit"

The Chief Information Security Officer serves as the process owner of all assurance activities related to the availability, integrity, and confidentiality of customer, business partner, employee and business information in compliance with the organization's information security policies. A key element of the CISO's role is working with executive management to determine acceptable levels of risk for the organization. This position is responsible for establishing and maintaining a corporate-wide information security management program to ensure that information assets are adequately protected.

The Unit function is broken into:

Information Security Governance & Strategy

- Information Security Governance
- Information Security Awareness
- Data Privacy

IT Risk Management

- Network Security Risk
- Data & Operating Systems Risk
- Application Security Risk
- Product & Process Risk

ISMS Monitoring & Incident Management

- Information Security Incident Management
- Security Control & Monitoring
- Security Control & Monitoring

Access & Authorization Management

Responsibilities

- Develop, implement and monitor a strategic, comprehensive enterprise information security and IT risk management programme
- Work directly with the business units to facilitate risk assessment and risk management processes
- Develop and enhance an information security management framework
- Understand and interact with related disciplines through committees to ensure the consistent application of policies and standards across all technology projects, systems, and services
- Provide direction for information security initiatives
- Execute Bank's information security programme
- Recommend information security measures
- Establish Bank's information security awareness programme
- Establishes the Information Security Framework
- Establishes the Cyber Security Framework
- Recommend information security budgets for approval.
- Ensure compliance with Information security policies and report incidents
- Establish and revise the information security strategy, policy and standards
- Provide leadership to the enterprise's information security organization
- Partner with business stakeholders across the company to raise awareness of risk management concerns
- Assist with the overall business technology planning, providing a current knowledge and future vision of technology and systems

Roles & Responsibilities of Compliance Department

- Develop, implement, and maintain the Bank's Anti Money Laundering and Compliance Programs
- Establish operating framework for the identification, management, monitoring and reporting of Compliance risks and issues to the Board and Management.
- Responsible for ensuring that the Bank's operating framework meets internal and regulatory requirements.
- Develop and implement an effective compliance and Money Laundering training programs program.
- Develop and implement compliance communication strategy.
- Responsible for the development, review and implementation of Compliance Policies and standards and ensuring consistent application across the Bank.
- Participate in industry bodies to ensure alignment of Compliance methodology and influence national trends in Compliance Risk Management.
- Provide advice/guidance to business units, management, and the Board on all compliance issues.
- Promote a compliance culture throughout Bank.
- Review and evaluate new laws and regulations and keep abreast of all legislative and regulatory developments both locally and globally that might have an impact on the Bank.
- Monitor cases of non-compliance, escalate any issues where non-compliance is not addressed and partner with the responsible unit to ensure timely and conclusive remediation
- Liaise with Risk Management and Internal Audit on risk related issues, non-compliance with internal policies, legislation, rules, and regulations, participate in the development of corrective action plans and track it to closure.

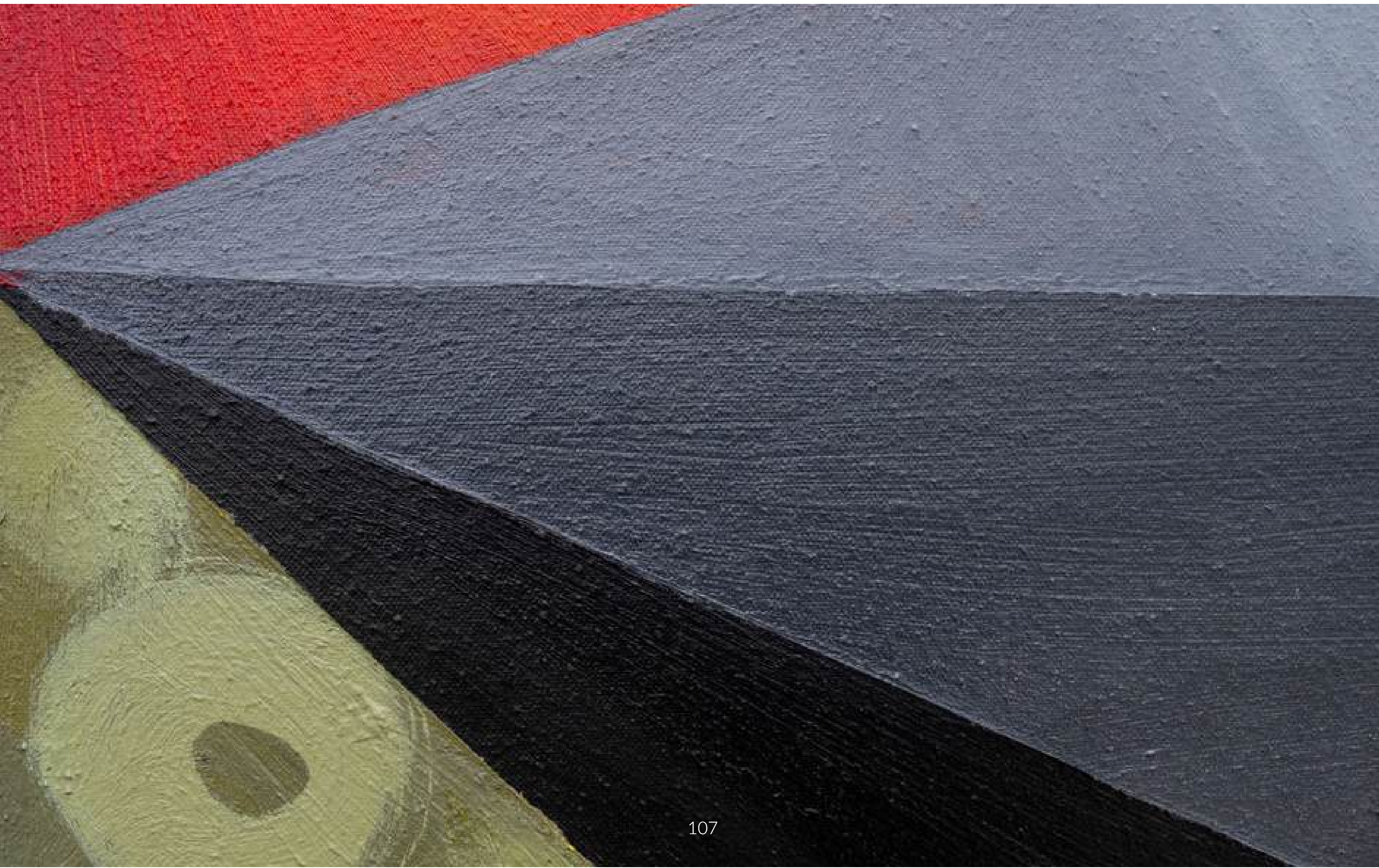
- Provide operational and advisory support in the implementation, management, and evaluation of all compliance concerns
- Develop, implement, and maintain quality plans and procedures that allow the organization respond to industry standards, regulations, statutory laws, and requirements.

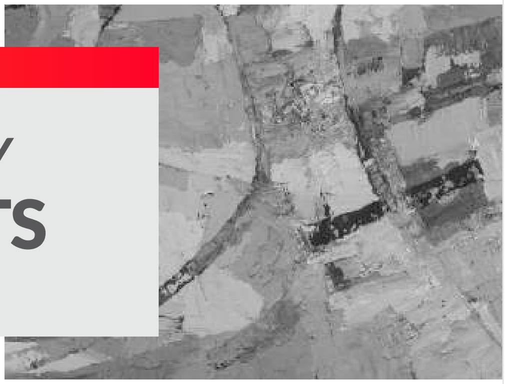
Roles of Internal Audit

Internal Audit (IA) is an independent appraisal function established within the Bank to examine and evaluate its internal control systems, improve the effectiveness of risk management, control, and governance processes, including controls over financial reporting. The core role of the internal audit department. with regards to risk management is to provide objective assurance to the board on the effectiveness of Coronation Merchant Bank's risk management activities to help ensure key business risks are being managed appropriately and that the internal control system is operating effectively.

The roles and responsibilities of Internal Audit Department (IAD) are as follows:

- Examination and evaluation of the adequacy and effectiveness of the internal control systems;
- Review of the application and effectiveness of risk management policies, procedures and risk assessment methodologies;
- Review of the management and financial information systems and the electronic information system.
- Review of the accuracy and reliability of the accounting records and financial reports;
- Review of the means of safeguarding assets;
- Review of the systems established to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.





CORPORATE RESPONSIBILITY **FOR FINANCIAL STATEMENTS**

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

- That we have reviewed the audited financial statements of the Bank for the year ended 31 December 2024.
- That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the year ended 31 December 2024.
- That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank, particularly during the year ended 31 December 2024.
- That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of the audited finance statements, and certify that the Bank's internal controls are effective as of that date.
- That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- That we have disclosed the following information to the Bank's Auditors and Audit Committee:
- There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and
- There is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

SIGNED BY:

Mr. Paul Abiagam
Ag. Managing Director
FRC/2024/PRO/IODN/008/907032
25 March 2025

Arini Awotunde
Chief Financial Officer
FRC/2024/PRO/ICAN/001/954678
25 March 2025

FINANCIAL STATEMENTS

Report of the Independent Auditor
Financial Statements Notes to the Financial Statements Other National Disclosures

Certification Pursuant to Section 1.3 of the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting

I, Paul Abiagam certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Coronation Merchant Bank Limited ("the Bank")

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The Bank's other certifying officer and I:
   1. are responsible for establishing and maintaining internal controls;
   2. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, particularly during the period in which this report is being prepared;
   3. have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
   4. have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and Board Audit Committee:
   1. That there are no significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
   2. That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.

f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date

Name: Paul Abiagam
Designation: Managing Director
FRC No: FRC/2024/PRO/IODN/008/907032

Signature:__________________
Date: 25 March 2025

Certification Pursuant to Section 1.3 of the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting

I, Arini Awotunde certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Coronation Merchant Bank Limited ("the Bank")

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The Bank's other certifying officer and I:
   1) are responsible for establishing and maintaining internal controls;
   2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, particularly during the period in which this report is being prepared;
   3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
   4) have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and Board Audit Committee:
   1) That there are no significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
   2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.

f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.

Name: Arini Awotunde
Designation: Chief Financial Officer
FRC No: FRC/2024/PRO/ICAN/001/954678

Signature:___________________
Date: 25 March 2025

Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024

The management of Coronation Merchant Bank Limited ("the Bank") is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Financial Reporting Council (Amendment) Act, 2023.

The management of Coronation Merchant Bank Limited assessed the effectiveness of the internal control over financial reporting of the Bank as of 31 December 2024 using the criteria set forth in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

As of 31 December 2024, the management of Coronation Merchant Bank Limited did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, management has concluded that, as of December 31, 2024, the Bank's internal control over financial reporting was effective.

The Bank's independent auditor, KPMG Professional Services, who audited the financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Bank's internal control over financial reporting as of 31 December 2024 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report appears in the Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Bank's internal control over financial reporting.

Paul Abiagam
Managing Director
FRC/2024/PRO/IODN/008/907032

Arini Awotunde
Chief Financial Officer
FRC/2024/PRO/ICAN/001/954678

KPMG Professional Services
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Independent Auditor's Limited Assurance Report

To the Shareholders of Coronation Merchant Bank

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Coronation Merchant Bank ("the Bank") as of 31 December 2024 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that Coronation Merchant Bank's internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants *(including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA).

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

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

Other matter

We have audited the financial statements of Coronation Merchant Bank in accordance with the International Standards on Auditing, and our report dated 15 May 2025 expressed an unmodified opinion of those financial statements.

Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of Coronation Merchant Bank Limited is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express a conclusion on the Bank's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Bank's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

(iii) Bank are being made only in accordance with authorizations of management and directors of the Bank; and

(iv) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

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

Okere Onyinye
FRC/2012/ICAN/00000000421

For: KPMG Professional Services
Chartered Accountants
15 May 2025
Lagos, Nigeria

KPMG

KPMG Professional Services
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Bishop Aboyade Cole Street
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Coronation Merchant Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coronation Merchant Bank Limited ("the Bank"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG

Expected Credit Losses (ECL) Allowance on Loans and Advances

We focused on this area because of the significant judgements required in determining the impairment allowance on loans and advances in line with the expected credit loss methodology as prescribed by IFRS 9. We have considered this as a key audit matter due to the significance of the judgement used in estimating the impairment amounts.

Key areas of Judgement Include:

- the Bank's definition of default considering qualitative and quantitative criteria for assessment of significant increase in credit risk (SICR);
- determination of appropriateness of macro-economic variables to be used in ECL estimation.
- assignment of probability weightings for multiple macroeconomic scenarios.
- determination of the key inputs used in determining the lifetime exposure at default (EAD);
- methodologies adopted by the Bank in modelling the 12-month probability of default (PD) used in the ECL model.
- estimation of Loss Given Default (LGD) by considering collateral values and the haircut adjustments as well as estimation of receivables on unsecured exposures

We performed the following procedures in response to the identified key audit matter:

- checked that the Bank's definition of default is consistent with the requirement of IFRS 9, also considering the Bank's business model.
- assessed the reasonableness of the Bank's definition of significant of significant increase in credit risk.
- we evaluated appropriateness of the Bank's classification of its loan portfolio into stages.
- we checked the accuracy of the underlying data used by the Bank in computing the ECL allowance.
- Using our financial risk management specialists,
  - We assessed the reasonableness of the Bank's methodology for determining the probability of default.
  - We checked the reasonableness of the forward-looking information incorporated into the impairment calculations.
  - We challenged the multiple economic scenarios adopted by management as well as their probability weights.
  - We assessed the reasonableness of cost of recovery applied on collateral values for the purpose of estimating secured LGD.
  - We assessed the reasonableness of time to realization adopted by the Bank in estimating secured LGD.
  - We assessed the reasonableness of credit conversion factors used in determining the exposures at default for off-balance sheet exposures.
  -

We reperformed the ECL calculation to determine the accuracy of the ECL allowance

Other Information

The Directors are responsible for the other information. The other information comprises the corporate Information, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Corporate Responsibility for financial statement, Report of the Board Audit Committee, Report on Customers' Complaints and Feedback, Enterprise Risk management Report, Sustainability banking report and whistleblowing policy and Other National Disclosures included in the annual report, but 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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circularsand 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

From the matters communicated with the Board Audit Committee, 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

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalties in respect of contravention of the banking regulation during the year ended 31 December 2024 amounting to N597.25 million. Details of penalties paid are disclosed in note 40 to the financial statements.
ii. Related party transactions and balances are disclosed in note 37 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Okere Onyinye
FRC/2012/ICAN/00000000421
For: KPMG Professional Services
Chartered Accountants
30 March 2025
Lagos, Nigeria

FINANCIAL STATEMENTS

Statement Of Profit Or Loss And Other Comprehensive Income

In thousands of Naira

For the year ended 31 Decemeber 2024

	Notes	Dec 2024	Dec 2023
Interest income calculated using the effective interest method	7	70,117,742	40,397,423
Interest expense	8	(63,727,153)	(47,208,207)
Net interest expense		6,390,589	(6,810,784)
Impairment charges on financial instruments	9	(1,641,522)	(1,668,400)
Net interest expense after impairment charges		4,749,067	(8,479,184)
Fee and commission income	10	5,510,580	11,663,559
Net (expense)/ income from other financial instruments at FVTPL	11(a&b)	(412,979)	10,833,993
Net trading income/(loss)	12	20,183,236	(2,118,759)
Other operating income	13	1,715,978	803,325
Net Operating Income		31,745,882	12,702,934
Personnel expenses	14	(3,439,903)	(2,289,424)
Other operating expenses	15	(14,904,347)	(6,936,067)
Total operating expenses		(18,344,250)	(9,225,491)
Profit before minimum taxation		**13,401,632**	**3,477,443**
Minimum tax	16	(417,116)	(263,768)
Profit before taxation		**12,984,516**	**3,213,675**
Income tax expense	16	(720,819)	(565,478)
Profit for the year		**12,263,697**	**2,648,197**
Other comprehensive income (OCI) net of income tax : Items that will not be subsequently reclassified to the income statement: – Equity investments at FVOCI - net change in fair value	17	(4,014,387)	(4,299,350)
		(4,014,387)	(4,299,350)
Items that may be subsequently reclassified to the income statement: – Debt investments at FVOCI - net change in fair value	17	(601,684)	(1,384,890)
		(601,684)	(1,384,890)
Other comprehensive loss, net of tax		(4,616,070)	(5,684,240)
Total comprehensive income/(loss) for the year		**7,647,627**	**(3,036,043)**
Earnings per share attributable to ordinary shareholders Basic and diluted earnings per share	18	161.40	52.00

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

STATEMENT OF FINANCIAL POSITION

In thousands of Naira For the year ended 31 Decemeber 2024	Notes	Dec 2024	Dec 2023
Assets			
Cash and balances with banks	19	172,752,323	104,014,572
Due from financial institutions	20	72,045,898	36,675,560
Non-pledged trading assets	21	12,029,908	9,846,668
Derivative financial assets	22	10,454,245	11,584,604
Investment securities	23	92,605,665	99,934,029
Pledged assets	24	7,140,000	7,839,254
Loans and advances to customers	25	136,566,029	166,230,881
Other assets	26	41,567,176	75,980,760
Right of use assets	27	204,945	228,545
Intangible assets	28	1,507,486	1,347,587
Property and equipment	29	6,357,553	6,970,098
Deferred tax assets	30	5,413,193	3,810,358
Total assets		**558,644,421**	**524,462,917**
Liabilities			
Due to financial institutions	31	73,939,637	181,654,159
Due to customers	32	187,414,870	181,694,003
Non-pledged trading liabilities	21	–	5,051,834
Derivative financial liabilities	22	-	1,285,368
Subordinated liabilities	33(b)	25,069,104	24,991,944
Current tax liabilities	16	2,639,494	427,662
Other liabilities	34	223,732,341	92,024,240
Total liabilities		**512,795,446**	**487,129,210**
Equity			
Share capital	35(a)	7,714,021	7,468,925
Share premium	35(b)	10,449,868	9,827,323
Retained earnings	35c(iv)	19,053,916	8,629,774
Statutory reserve	35c(I)	10,902,694	9,063,139
Fair value reserve	35c(ii)	(6,524,441)	(1,908,371)
Regulatory risk reserve	35c(iii)	4,252,917	4,252,917
Total equity		**45,848,975**	**37,333,707**
Total liabilities and equity		**558,644,421**	**524,462,917**

The accompanying notes form an integral part of the financial statements. The financial statements were approved by the Board of Directors on 25 March 2025 and signed on its behalf by:

Babatunde Folawiyo
Chairman
FRC/2015/NBA/00000006371

Paul Abiagam
Ag. Managing Director
FRC/2024/PRO/IODN/008/907032

Additional certification by:

Arini Awotunde
Chief Financial Officer
FRC/2024/PRO/ICAN/001/954678

STATEMENT OF CHANGES IN EQUITY

In thousands of Naira

	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Regulatory Risk Reserve	Fair value reserve	Total
Balance at 1 January 2024	7,468,925	9,827,323	8,629,774	9,063,139	4,252,917	(1,908,371)	37,333,707
Profit for the year			12,263,697	–	–	–	12,263,697
Other comprehensive income							
Net change in fair value on debt investments at FVOCI	–	–	–	–	–	(601,684)	(601,684)
Net change in fair value on equity investments at FVOCI	–	–	–	–	–	(4,014,387)	(4,014,387)
Total comprehensive income/(loss)	–	–	12,263,697	–	–	(4,616,070)	7,647,627
Transfer to statutory reserve	–	–	(1,839,555)	1,839,555	–	–	–
Total appropriation	–	–	(1,839,555)	1,839,555	–	–	–
Transactions with equity holders of the Bank							
Contributions							
Additional capital through right issue	245,096	622,545	–	–	–	–	867,641
Total contributions	245,096	622,545	–	–	–	–	867,641
Balance at 31 December 2024	7,714,021	10,449,868	19,053,916	10,902,694	4,252,917	(6,524,441)	45,848,975

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Regulatory Risk Reserve	Fair value reserve	Total
Balance at 1 January 2023	5,101,052	3,812,925	6,378,807	8,665,909	4,252,917	3,775,869	31,987,479
Profit for the year	–	–	2,648,197	–	–	–	2,648,197
Other comprehensive income							
Net change in fair value on debt investments at FVOCI	–	–	–	–	–	(1,384,890)	
Net change in fair value on equity investments at FVOCI	–	–	–	–	–	(4,299,350)	(4,299,350)
Total comprehensive income/(loss)	–	–	2,648,197	–	–	(5,684,240)	(3,036,043)
Transfer between reserves	–	–	(397,230)	397,230	–	–	–
Total appropriation	–	–	(397,230)	397,230	–	–	–
Transactions with equity holders of the Bank							
Contributions and distributions							
Additional capital through right issue	2,367,873	6,014,398	–	–	–	–	8,382,271
Total contributions and distributions	2,367,873	6,014,398	–	–	–	–	8,382,271
Balance at 31 December 2023	7,468,925	9,827,323	8,629,774	9,063,139	4,252,917	(1,908,371)	37,333,707

STATEMENT OF CASH FLOWS

In thousands of Naira
For the year ended

Cash flows from operating activities	Notes	Dec 2024	Dec 2023
Profit before income tax from continuing operations		13,401,632	3,477,443
Adjustments for non-cash items:			
Depreciation charge on property and equipment	29	695,693	590,702
Depreciation charge on right of use assets	27	23,600	22,263
Amortisation of intangible assets	28	488,355	504,292
Loss on disposal of property and equipment	15	1,100	-
Impairment write back on loans and advances	9	38,343	1,464
Impairment charge on placements	9	26,625	6,148
Impairment charge on investment securities at FVOCI	9	202,887	103,646
Impairment (write back)/charge on investment securities at Amortised cost	9	(63,677)	75,969
Impairment charge on cash	9	965	12,658
Impairment charge/(write back) on off balance sheet items	9	166,278	(41,922)
Impairment charge on other asset	9	501,054	1,510,437
Net income/(loss) from financial instruments designated as at FVTPL	11b	416,197	(629,359)
Unrealised foreign exchange gain on revaluation	44(xviii)	(7,670,293)	(4,969,910)
Interest income	7	(70,117,742)	(40,397,423)
Interest expense	8	63,727,153	47,208,207
Dividend income	13	(1,161,648)	(476,946)
		676,521	**6,997,669**
Changes in working capital			
Increase in non-pledged trading assets	44(ii)	(2,436,294)	(59,935)
Increase in amounts due from financial institutions	44(v)	67,686	137,700
Increase in derivative financial instruments	44(vi)	(155,009)	(9,959,120)
Increase in restricted deposit with CBN	44(vii)	34,922,366	39,670,909
Decrease in loans and advances to customers	44(viii)	43,139,155	30,871,063
Decrease in pledged assets	44(ix)	7,839,254	13,801,255
Increase in other assets	44(x)	(1,009,836)	(9,524,981)
Increase/(decrease) in amounts due to customers	44(xi)	3,219,832	(31,633,165)
(Decrease)/increase in deposits from financial institutions	44(xiii)	(107,291,782)	72,524,909
Decrease in non-pledged trading liabilities	44(xii)	(5,051,834)	(6,023,116)
Increase/(decrease) in other liabilities	44(xv)	115,589,530	(41,839,593)
Net cash flows from operations		**89,509,589**	**64,963,595**
Interest received	44(xvi)	67,445,206	39,134,672
Interest paid	44(xvii)	(68,466,435)	(46,969,179)
Income taxes paid	16(a)	(301,167)	(54,105)
Net cashflows from operating activities		**88,187,193**	**57,074,984**
Cash flows from investing activities			
Dividend received	13	1,161,648	476,946
Sale of FVTOCI investment securities	44(iii)	120,775,474	120,753,455
Purchase of FVTOCI investment securities	44(iii)	(74,378,837)	(74,378,837)
Purchase of property and equipment	29	(207,358)	(909,216)
Purchase of intangible assets	28	(647,952)	(89,692)
Sale of amortised cost investment securities	44(iv)	26,441,151	26,441,151
Purchase of amortised cost investment securities	44(iv)	(45,712,513)	(43,159,506)
Proceeds from sale of property and equipment	44(i)	124,575	58,231
Net cash from investing activities		**27,556,187**	**29,192,533**

Cash flows from financing activities			
Principal repayment on commercial paper liabilities	33(a)	–	(6,396,004)
Net payment on other borrowings	33(c)	–	(8,956,237)
Net proceeds from shares issued	35(a&b)	867,641	8,382,271
Net cash from/(used in) financing activities		**867,641**	**(6,969,970)**
Increase in cash and cash equivalents		**116,611,021**	**79,297,547**
Cash and cash equivalents at 1 January		124,684,907	43,769,067
Effect of exchange rate changes on cash and bank balances held	44(xviii)	2,187,028	1,618,291
Cash and cash equivalents at 31 December		243,482,956	124,684,905
Cash and cash equivalents comprise:			
Balances with banks	20.1	104,122,948	76,269,341
Unrestricted balances with central banks	20.1	67,314,110	11,740,004
Placement with other financial institutions with maturity of less than 90 days	20.1(a)	72,045,898	36,675,560
		243,482,956	124,684,905

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Reporting Entity

These are the financial statements of Coronation Merchant Bank Limited (formerly known as Associated Discount House Limited), a Bank incorporated in Nigeria on 22nd October, 1992 as a discount house. The address of the Bank's registered office is Coronation House, 10 Amodu Ojikutu Street, Victoria Island, Lagos.

The Bank obtained its merchant banking license on 30 April 2015 and commenced operations as a merchant Bank on 1 July 2015.
The principal activities of the Bank comprised trading in treasury bills, Federal Government of Nigeria bonds, bankers acceptance and commercial papers. It also provided short-term liquidity management services to financial and non-financial institutions.
The principal activities of the Bank as a Merchant Bank include the provision of finance and credit facilities, dealing in foreign exchange services, acting as issuing house, underwriting services, treasury management services, financial services, consultancy services, advisory services, asset management services and proprietary trading.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards),Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, CBN Guidelines and circulars. Additional information required by national regulations is included where appropriate.The accounting policies adopted are consistent with those of the previous financial period.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statements of changes in equity, the cash flows statement and the notes.

The financial statements were authorised for issue by the Board of Directors on 25 March 2025.

(b) Functional and presentation currency

These financial statements are presented in Naira, which is the presentation currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:
- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- financial assets measured at fair value through profit or loss
- financial assets measured at fair value through other comprehensive incomes

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

2.1 New and amended standards issued and not yet effective for the financial year ended 31 December 2024

A number of new IFRS Accounting Standards, Amendments to IFRS Accounting Standards, and Interpretations are effective for annual periods beginning after 1 January 2025 and have not been applied in preparing these financial statements. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Bank are set out below.

The Bank do not plan to adopt these standards early. The IFRS Accounting Standards will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	May 2024	1 January 2026	• Settlement of financial liabilities through electronic payment systems: The amendments clarify that a financial liability is derecognised on the 'settlement date'. However, the amendments provide an exception for the derecognition of financial liabilities. This exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system, provided that specified criteria are met. • Additional SPPI Test for Contingent Features: The amendments introduce an additional SPPI test for financial assets with contingent features that are not directly related to a change in basic lending risks or costs – for example, where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. • Clarification on Contractually Linked Instruments (CLIs): The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. They also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
				• Additional Disclosure Requirements: The amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to a change in basic lending risks or costs and are not measured at fair value through profit or loss. The Bank is in the process of assessing the impact of the new amendments.
Amendment to IFRS 18	Presentation and Disclosure in Financial Statements	April 2024	1 January 2027	• It promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company's main business activities. • All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category. • Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. • Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so. • Entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. • It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. The Bank is in the process of assessing the impact of the new amendments.

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	The amendments clarify: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: — an observable exchange rate without adjustment; or — another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: — the nature and financial impacts of the currency not being exchangeable. — the spot exchange rate used. — the estimation process; and — risks to the company because the currency is not exchangeable. The Bank is in the process of assessing the impact of the new amendments

3 Summary of material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1 Foreign currency translation

(a) **Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira, which is the Bank's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

3.2 Operating income

(a) Interest income and expense

i. Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.
The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortised cost and gross carrying amount

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

iii. Calculation of interest income and expense

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

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

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

(b) Fees and commission

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

(c) Net income from other financial instruments at FVTPL

Net income from other financial instruments at FVTPL relates to trading and non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, and interest.

(d) Net trading income

Net trading income include the following:

- all income from trading
- foreign exchange trading gains,
- unrealised foreign exchange gains on revaluation,

(e) Dividends

Dividend income is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.3 Leases - IFRS 16

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 the use of an identified asset for a period of time in exchange for consideration.

Bank acting 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. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and associated non-lease components as a single lease component.

(a) Accounting for right of use asset and liability

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 is used 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 Bank presents right-of-use assets in as a line item on the statement of financial position, and lease liabilities in other liabilities.

(b) Extension and Termination of leases

When the Bank terminates or cancels a lease, the right-of-use asset and lease liability are derecognised. On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss. Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

Extension and termination options are included in the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. Most of the extension options are subject to mutual agreement by the Bank and some of the termination options held are exercisable only by the Bank. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Reassessment of lease terms and lease modifications that are not accounted for as a separate lease

When the Bank reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

3.4 Income Tax

The tax expense for the period comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy, Nigeria Police Trust Fund levy, National Agency for Science and Engineering Infrastructure) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the Nigeria where the Bank and its subsidiaries operate and generate taxable income. Management yearically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The estimate of future taxable profits requires forecasts and projections which are based on estimates. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Minimum tax

The Bank is subject to Minimum tax in a year where it has no taxable profit on which to base its tax liabilities. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on gross amount which is outside the scope of IAS 12 and are not presented as part of income tax expense in the profit or loss but rather presented above the income tax line as Minimum tax.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

(d) Windfall profit levy

This levy is called a 'windfall profit levy' on profit earned from all foreign exchange transactions, imposed on licensed banks in Nigeria. This obligation is payable by all banks licenced to carry out foreign exchange transactions under the Banks and Other Financial Institutions Act, No. 5, 2020 and all other relevant Nigerian laws. This levy is assesed at 70% on realised profits from all foreign exchange transactions of banks within the 2023 to 2025 financial years. The bank is subject to this levy. The windfall levy is accounted for as income taxes in the year of assessment.

3.5 Financial assets and financial liabilities

Recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement-date, the date on which the Bank receives value for purchase or sales of assets.

Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Bank classifies its debt instruments:
The Bank only measures cash and balances with banks, loans and advances to banks and customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in Net gains on investment securities.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment expenses are presented as separate line item in net impairment charge on financial assets.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net gains/(loss) on investment securities in the year in which it arises.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in net gains/(loss) on investment securities in the statement of profit or loss as applicable.

Business model assessment

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Bank assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Liabilities

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

(h) Cash and balances with banks

Cash and balances with banks include cash on hand, balances held with central bank and highly liquid financial assets with original maturities of less than three months, 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.

In the statement of cash flows, cash and cash equivalents includes cash in hand, unrestricted balances with foreign and central bank, money market placements and other short-term highly liquid investments with original maturities of three months or less.

(i) Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either held for trading, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral classified as fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral classified as amortized cost are measured at amortized cost.

(j) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets (for example, for exchange-traded options), including recent market transactions, and valuation techniques (for example for swaps and currency transactions), including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
Where applicable, the Bank mitigates the credit risk of derivatives by holding collateral in the form of cash.
The Bank's derivatives are held for risk management purpose and do not form part of qualify hedging relationship. Changes in fair value are recognised immediately in the statement of profit of loss

(k) Reclassification of financial assets

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Bank changes its business model for managing financial assets, the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.
The following are not changes in business model;
a. change in intention related to particular financial assets (even in circumstances of significant changes in market conditions).
b. the temporary disappearance of a particular market for financial assets.
c. a transfer of financial assets between parts of the entity with different business models.

Reclassification date

All reclassifications are applied prospectively from the reclassification date. When the Bank reclassifies a financial asset between the amortised cost measurement category and the fair value through other comprehensive income measurement category, the recognition of interest income is not changed and it continues to use the same effective interest rate. However, when the Bank reclassifies a financial asset out of the fair value through profit or loss measurement category, the effective interest rate is determined on the basis of the fair value of the asset at the reclassification date.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions
The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impairment (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. They also derecognise the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset; or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Modification of financial assets and liabilities

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.
If the terms are not substantially different for financial assets or financial liabilities, the Bank recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

Offsetting

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 enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other Bank's, deposits from Bank's, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.
Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in net gains/(loss) on investment

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise non observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

3.6 Impairment of financial assets Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Provision on other assets are computed using the simplified approach as stipulated by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Staging Assessment

The Bank has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank categorises its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described subsequently:

- Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Bank) have low credit risk at the reporting date remain in stage 1. For these assets, 12-month expected credit losses ('ECL') are recognised. 12-month ECLs are the ECLs that result from default events that are possible within 12 months after the reporting date.
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Bank) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognised. Lifetime ECLs are the ECLs that result from all possible default events over the maximum contractual year during which the Bank is exposed to credit risk. ECLs are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. The Bank records an allowance for the Lifetime ECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial Recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss

The ECL calculations are based on the Probabilities of default (Pds), Loss Given Default (LGD), as well as Exposure at Default (EAD).
These components are outlined in details below:

1. Probability of Default (PD): 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. Due to the Bank's largely zero default experience, the Bank has employed Fitch's probability of default rates as it deems it to be a reliable and suitable data for the Bank's current portfolio. In addition, macro-economic adjustment is applied to account for differences in the current economic conditions and those underlying the Pds.
Incorporation of forward looking information and macroeconomic factors
In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

- Crude oil prices,
- Inflation rate,
- GDP growth rate
- FX Exchange rates (USD/NGN)

As a proxy for default rates, the Bank relied on non-performing loans (NPL) information issued by CBN as there are currently no experiences of non-performing loans. Incorporation of macro-economic adjustments to the Lifetime PDs results in forward-looking best-estimate, optimistic and downturn lifetime PD curves, which are used in the ECL calculations.

2. Loss Given Default (LGD): Lifetime LGDs are required to calculate lifetime ECLs. The Bank has currently determined its LGDs for its Loan book and off-balance sheet items on a facility level by considering the amounts recoverable from assigned collaterals. Other considerations include: Collateral haircut, time to disposal and cost of recovery. Where the same collateral is used by a customer on more than one facility, the model split the collateral on a pro-rata basis based on the outstanding value of all the facilities (for both collateral FSV and OMV where applicable). For Investment Securities, the LGD estimate was determined using the Moody's recovery rate, which is calculated as (1 - Recovery rate). The average recovery rate for unsecured bonds and the non-crisis rate was used in obtaining the best estimate and optimistic LGDs respectively. In other to obtain the downturn LGD, an average of the crisis and recession market recovery rates was used.

3. Exposure at Default (EAD): The EAD reflects the expected changes in the outstanding balance of the facilities over the lifetime of the facilities. For all loans, the assumed contractual payments, based on the original loan amount, interest rate and repayment term, were calculated and applied. For Commercial Overdrafts, the credit conversion factor ("CCF") was assumed to be 50% in line with the CBN guideline, which was then applied to determine the expected future drawdowns. For Off-balance sheet exposures, the EAD is set equal to the contract's current commitment as at the reporting date and the credit conversion factor ("CCF") was assumed to be 20% in line with the CBN guideline, these were applied to determine the expected future drawdowns. For Investment securities, the assumed contractual payments, based on the original carrying amount, interest rate and term, were calculated and applied.

When estimating the ECLs, the Bank considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. Three ECL figures were therefore calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best-estimate, downturn and optimistic scenarios were assumed to be 75%, 12.5% and 12.5% respectively based on professional judgement. The EIR is used to discount all ECLs to the reporting date.

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12m ECL is calculated as the portion of Lifetime ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month macro-adjusted default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.The final ECL impairment is calculated as the probability-weighted average of the ECLs produced under the three macro-economic scenarios.

- **POCI:** Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR.
- **Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- **Financial guarantee contracts:** The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria: The stage classification of each account in the portfolio is categorized based on the number of payments missed, classification status, forbearance states and credit risk ratings as at the valuation date compared with the credit ratings as at the origination date.

1. Number of payments missed

The Bank categorises accounts with 0 missed payment under Stage 1. In addition, accounts with 1 to 2 missed payments are classified as Stage 2, as these accounts are assumed to have experienced a significant increase in credit risk since initial recognition. The Bank considers 1 missed payment to be equivalent to the 30 days past due rebuttable presumption for Stage 2 classification. Finally, accounts with 3 or more missed payments are classified as defaulted accounts under Stage 3.

2. Classification status

Accounts classified as "Performing" are Stage 1 accounts, while accounts classified as either "Substandard", "Doubtful" or "Loss" are, for the purposes of this project, classified as defaulted accounts (and classified as Stage 3). Accounts classified as "Watchlist" are classified as Stage 2.

3, Forbearance states

In addition to this, and in line with CBN expectations, all loans that have been restructured e.g. the term extended, are assumed to have significantly increased credit risk since origination and are thus classified as Stage 2, if not already classified as Stage 2 or Stage 3. Thus, all accounts flagged as forbearance are classified as Stage 2. However, if there is an evidence that there actually has not been a significant increase in credit risk since initial recognition, then this accounts can be re-classified as Stage 1.

4. Credit ratings

The Bank generates credit ratings for each obligor using the internal credit rating system for its customers. Both objective and subjective factors are taken into consideration in assessing the credit worthiness of a borrower. The internal credit rating system is a twenty-two level rating grid, ranging from AAA (lowest risk) to D (highest risk), with D indicating default as this accounts are all classified as "Doubtful" and "Lost".Depending on the rating bucket (i.e. low, medium or high risk), an account whose probability of default has dropped by a significant threshold from the time of origination of the loan contract is classified as Stage 2 as these accounts are assumed to have experienced a significant increase in credit risk since initial recognition. In addition, any account whose credit rating has dropped from one rating bucket to the next rating bucket is also classified as Stage 2. The bank has a maximum threshold of B- and any customer with a rating below this is considered a very high risk and non investment

Qualitative criteria:

In line with paragraph B.5.5.17 of the IFRS 9 standard, the Bank will assess changes in significant risk given the relevant qualitative factors, these could include:

- Expectation of forbearance or restructuring due to financial difficulties;
- An actual or expected significant change in the financial instrument's external credit rating;
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- Evidence that full repayment of interest and principal without realisation of collateral is unlikely, regardless of the number of days past due;

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations. The bank has deemed government issued securities (treasury bills and bonds) to be of low credit risk

Backstop Indicator

A backstop indicator is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments for both principal and interest.

Qualitative criteria:

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

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

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

Backward transitions, i.e. from Stage 3 to Stage 2 or from Stage 2 to Stage 1, uses an assumed probation year of 90 days. Accounts only transition to Stage 1 from Stage 2 or to Stage 2 from Stage 3 if they were last classified as impaired, i.e. 30+ days past due, or default, i.e. 90+ days past due, respectively, more than 90 days ago.

Collateral valuation

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

Collateral repossessed

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

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

3.7 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other operating income in the income statement.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and its cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in income statement as incurred.

© Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal Bank is not depreciated while it is classified as held for sale.

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

Leasehold improvements	Over the shorter of the useful life of the item or lease term
Land	Not depreciated
Buildings	50 years
IT equipment	4 years
Furniture and fittings	3 -5 years
Office Equipment	3 -5 years
Motor Vehicles	4-5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are reviewed for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.
Asset not available for use (including capital work in progress) are not depreciated. Upon completion capital work in progress assets are transferred to the relevant asset category. Depreciation methods are reassessed at each reporting date and adjusted if appropriate.

(d) De-recognition

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

3.8 Intangible Assets

(a) Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its technical feasibility to complete the software, intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life from the point at which the asset is available for use. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortisation is recognised in the income statement 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 future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is between three and five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.9 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than goodwill and 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are Banked together into the smallest Bank of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or Banks of assets (the "cash-generating unit" or CGU).

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the Banks of CGUs that are expected to benefit from the synergies of the combination. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expenses.

Restructuring

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

3.11 Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Subsequently, they are measured at the higher of the los s allowance determined in accordance with IFRS 9 (and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Liabilities arising from financial guarantees commitments are included within provisions.

3.12 Employee benefits

(a) 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 pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded, defined contribution pension scheme for employees. Employees and the Bank contribute 8% and 15% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee redundancy in exchange for these benefits. The Bank recognises termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits. and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits aremeasured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reportingyear are discounted to their present value.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term 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.

3.13 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the year when approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting year are dealt with in the subsequent events note.

(c) Treasury shares

Where the Bank or any member of the Bank purchases the Bank's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled or disposed. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(d) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and 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.

(e) Regulatory risk reserves

In compliance with the Prudential Guidelines for Licensed banks, the Bank assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing losses in risk assets. Assets are classified as performing or non-performing. Non performing assets are further classed as substandard, doubtful or lost with attendant provisions per the table below based on objective criteria.

Classification	%	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'regulatory risk reserve'. Where the IFRS 9 impairment is greater, no appropriation is made and the amount of IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts to be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to the regulatory risk reserve.

4.0 Use of estimates and judgements

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

i) Allowances for credit losses
ii) Valuation of financial instruments
iii) Assessment of recoverability of deferred tax assets

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

Key sources of estimation uncertainty

4.1 Allowances for credit losses

Loans and advances to banks and customers are accounted for at amortised cost and are evaluated for impairment on a basis described in accounting policy (see note 3.8)

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

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

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a 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 exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- Estimation of Loss Given Default (LGD) by considering collateral values and the haircut adjustments as well as estimation of receivables on unsecured exposures.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Bank reviews its loan portfolios to assess impairment at least on a half yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

The Bank makes use of estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed by the Credit Risk Management Department (CRMD).

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments

In thousands of Naira	Notes	Dec 2024	Dec 2023
Bank			
Loans & advances:			
Expected Credit Loss (ECL) on loans and advances to customers			
– Loans to individuals	25(b)	1,153	2,122
– Loans to corporates	25(b)	155,936	116,624
– Impairment on contingents	34(ii)	(198,808)	32,530
– Impairment on other assets	26	2,553,285	1,784,237
Total impairment allowances per IFRS		**2,511,566**	**1,935,513**
Regulatory credit impairment based on prudential guidelines		2,970,000	3,172,495
Other known losses (Other assets)		2,810,000	735,152
Total regulatory impairment based on prudential guidelines		5,780,000	3 ,907,647
Required Regulatory Risk Reserve		**3,268,434**	**1,972,134**
Movement in Regulatory Risk Reserve			
Balance, beginning of the year		**4,252,917**	4,252,917
Transfers (from)/to regulatory risk reserve		–	–
Balance, end of the year		**4,252,917**	**4,252,917**

4.2 Assessment of recoverability of deferred tax assets

The deferred tax assets include an amount of N5.41bn (2023: N3.81bn) which relates to mainly carried forward tax losses of the bank.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The estimate of future taxable profits requires forecasts and projections which are based on estimates. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.3 Valuation of financial instruments

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

4.3.1 Recurring fair value measurements

December 2024 In thousands of Naira	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Treasury bills	21	8,287,446	–	–	8,287,446
Unquoted securities - FVTPL	21	–	–	3 ,216,169	3,216,169
Government bonds	21	526,293		–	526,293
Derivative financial assets	22	–	10,454,245	–	10,454,245
Pledged assets					–
Treasury bills-FVOCI	24	600,000		–	600,000
Government Bonds	24	1,710,220		–	1,710,220
Investment securities:					
- Financial Instruments at FVOCI					
Treasury bills	23(a)	40,154,562	448,816	–	40,603,378
Federal Government Bonds	23(a)	3,623,459	–		3,623,459
FGN Eurobond	23(a)	36,717		–	36,717
Corporate Eurobond	23(a)		5,301,365		5,301,365
Equity securities	23(a)	–	–	441,631	441,631
		54,938,697	16,204,425	3,657,800	74,800,922

December 2023	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Unquoted securities - FVTPL	21	–	–	3,924,545	3,924,545
Corporate Eurobond	21	190,358	–	–	190,358
Government bonds	21	3,223,833	748,376	–	3,972,209
Derivative financial assets	21	–	11,584,604	–	11,584,604
Pledged assets					199,741
Treasury bills-FVOCI	24	199,741		–	399,210
Special bills	24	399,210		–	942,005
Promissory notes	24	942,005		–	6,298,298
Government Bonds	24	6,298,298			
Investment securities:					
- Financial Instruments at FVOCI					
Treasury bills	23(a)	4,508,620	1,449,451	–	5,958,071
Special bills	23(a)	52,275,926	–		52,275,926
Federal Government Bonds	23(a)	850,289	704,973	–	1,555,262
Eurobond	23(a)	–	3,165,077		3,165,077
Equity securities	23(a)	–	–	425,255	425,255
		69,198,738	19,101,579	4,349,800	92,650,117
Liabilities					
Derivative financial liabilities	22	–	1,285,368	–	1,285,368
Non pledged trading liabilities:					
Treasury bills	21(b)	794,312	–	–	794,312
Government Bonds	21(b)	4,257,522	–	–	4,257,522
		5,051,834	1,285,368	–	6,337,202

4.3.2 Financial instruments not measured at fair value

Bank

December 2024 In thousands of Naira	Notes	Level 1	Level 2	Level 3	Total fair values	Total carrying amounts
Assets						
Cash and balances with banks	19	–	–	–	172,752,323	172,752,323
Due from financial institutions	20	–	–	–	72,045,898	72,045,898
Loans and advances to customers	25	–	–	–	136,566,029	136,566,029
Investment securities						
- Pledged asset						
Federal government bonds					3 ,509,867	
Promissory notes	24	3,509,867	–	–	929,642	3,829,780
	24	–	929,642	–		1,000,000
-Financial assets at amortised cost						
Treasury bills	23(b)	1,364,062	–	–	1,364,062	1,254,951
Federal government bonds	23(b)	15,821,308		–	15,821,308	24,428,588
Promissory notes	23(b)	–	6 ,810,233	–	6,810,233	6,730,349
State government bonds	23(b)	1,377,771	128,378	–	1 ,506,149	1 ,790,646
Corporate bonds	23(b)	4,351,806	2,343,886	–	6,695,692	7,851,515
Commercial Paper	23(b)	641,111	–	–	641,111	582,763
Other assets	26	–	–	–	41,567,176	41,567,176
		27,065,925	10,212,139	–	461,052,184	470,400,018
Liabilities						
Deposits from financial institutions	31	–	–	–	73,939,637	73,939,637
Due to customers	32	–	–	–	187,414,870	187,414,870
Surbodinated liabilities	33(b)	–	–	–	25,069,104	25,069,104
Other liabilities	34	–	–	–	219,536,367	219,536,367
		–	–	–	505,959,978	505,959,978

Bank
December 2023
In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total fair values	Total carrying amounts
Assets						
Cash and balances with banks	19	–	–	–	104,014,572	104,014,572
Due from financial institutions	20	–	–	–	36,675,560	36,675,560
Loans and advances to customers	25	–	–	–	166,230,881	166,230,881
– Pledged assets						–
Federal government bonds	24	6,298,298	–	–	6,298,298	6,298,298
Promissory notes	24		942,005	–	942,005	942,005
Investment securities						
– Financial assets at amortised cost						
Federal government bonds	23(b)	–	–			
Promissory notes	23(b)	–	19,323,434	–	19,323,434	19,426,807
State government bonds	23(b)	–	6,929,281	–	6,929,281	6,929,281
Corporate bonds	23(b)	–	2,277,741	–	2,277,741	2,277,741
Other assets	26	–	8,023,981	–	8,023,981	8,023,981
			–	75,980,760	75,980,760	75,980,760
		6,298,298	37,496,442	75,980,760	426,696,513	426,799,886
Liabilities						
Deposits from financial institutions	31	–	–	–	181,654,159	181,654,159
Due to customers	32	–	–	–	181,694,003	181,694,003
Surbodinated liabilities	33(b)	–	–	–	24,991,944	24,991,944
Other liabilities	34	–	–	–	89,208,499	89,208,499
		–	–	–	477,548,605	477,548,605

(a) The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

(i) Cash
The carrying amount of Cash and balances with banks is a reasonable approximation of fair value.

(ii) Due from financial institutions
The carrying amount of Due from financial institutions is a reasonable approximation of fair value as they constitute more of current assets.

(iii) Loans and advances to customers
Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Investment securities, pledged and non-pledged trading assets
The fair value for investment securities is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The fair value for unquoted equities is based on estimations using market prices and earning multiples of quoted securities with similar characteristics. All other trading assets are already measured and carried at fair value.

(v) Other assets
The bulk of these financial assets are acount receivables expected to be realised/settled in less than one year. The carrying value of these financial assets is a reasonable approximation of fair value.

(vi)Due to customers
The estimated fair value of due to customer balances is the amount repayable on demand or maturity of the underlying instruments.

(vii) Other liabilities
The carrying amount of financial assets in other liabilities is a reasonable approximation of fair value.

(viii) Commercial Paper
The fair value for commercial papers is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(ix) Subordinated Bond
Estimated fair value of subordinated bond coupon payable as at end of year and amount payable at maturity of the bond at effective interest rate

(xi) Other borrowings
The estimated fair value of other borrowings is the amount repayable at maturity of the debt which also includes the associated cost incurred in sourcing the debt.

(x) Unobservable inputs used in measuring fair value
- The information below describes the significant unobservable inputs used at year end in measuring financial instruments categorised as

Type of financial instrument	Fair value as at 31- Dec- 2024 (N'b)	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities carried at FVOCI	N441.6m (2023:N425m)	Average of price to book value, price to earnings (P/E) and recent transaction price	- Illiquidity discount	Significant increase in the spread above the risk free rate would result in a lower fair value

Type of financial instrument	Fair value as at 31- Dec- 2024 (N'b)	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities at FVTPL	N3.2b (2023:N3.92b)	Average of price to book value and price to earnings (P/E)	- Illiquidity discount	Significant increase in the spread above the risk free rate would result in a lower fair value

The effect of unobservable inputs on fair value measurement (sensitivity analysis)

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 3 assets and liabilities measured at fair value on a recurring basis. The table further indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on profit or loss at the reporting date.

Type of financial instrument	Valuation technique	Significant unobservable input	Variance in fair value	Effect on OCI	
				Favourable Nbillion	Unfavourable Nbillion
Unquoted equities at FVOCI	Average of price to book value, price to earnings (P/E) and recent transaction price was used	- Illiquidity discount	From (5%) to 5%	0.22 (2023: 0.02)	0.44 (2023: 0.02)

Type of financial instrument	Valuation technique	Significant unobservable input	Variance in fair value	Effect on OCI	
				Favourable Nbillion	Unfavourable Nbillion
Unquoted equities at FVTPL	Average of price to book value and price to earnings (P/E)	- Illiquidity discount	From (5%) to 5%	0.04 (2023: 0.05)	0.04 (2023: 0.05)

4.3.3 Recognised fair value measurements

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Bank, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily government bonds, corporate bonds, treasury bills and equity investments classified as fair value through other comprehensive income.

(b) Financial instruments in level 2

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

For level 2 assets, fair value was obtained using a recent market transaction during the year under review. Fair values of unquoted debt securities were derived by interpolating prices of quoted debt secuirties with similar maturity profile and characteristics. There were no transfer between levels 1 and 2 during the year.

(c) Financial instruments in level 3

The Bank uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:
(i) Quoted market prices or dealer quotes for similar instruments;
(ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
(iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4.4 Financial instruments

The Bank's financial instruments are categorised as stated below:

	Notes	Financial assets			Financial liabilty	
		At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	At fair value through profit or loss	At amortised cost
December 2024						
In thousands of Naira						
Cash and balances with banks	19	–	–	172,752,323	–	–
Cash and balances with banks						
Due from financial institutions	20	–	–	72,045,898	–	–
Derivative financial assets	22	10,454,245	–	–	–	–
Non pledged trading assets						
Treasury bills	21(a)	8,287,446	–	–	–	–
Government bonds	21(a)	526,293	–	–	–	–
Unquoted securities - FVTPL	21(a)	3,216,169				
Corporate Eurobond	21(a)	–				
Investment securities at FVTOCI						
Federal government bonds	23(a)	–	3,623,459	–	–	–
Treasury bills	23(a)	–	40,603,378	–	–	–
Special bills	23(a)	–	–			
Eurobonds	23(a)	–	5,338,082	–	–	–
Unquoted equity securities at fair value	23(a)	–	441,631	–	–	–
Investment securities at amortised cost						
Treasury bills	23(b)	–	–	1,254,951	–	–
Federal government bonds	23(b)	–		24,428,588	–	–
Promissory notes	23(b)	–		6,730,349	–	–
State government bonds	23(b)	–		1,790,646	–	–
Corporate Bond	23(b)	–		7,851,515	–	–
Commercial papers	23(b)			582,763		
Pledged assets						
Government bonds	24	–	1,710,220	3,829,780	–	–
Treasury bills	24	–	600,000	–	–	–
Promissory notes	24	–	–	1,000,000	–	–
Loans and advances to customers	25	–	–	136,566,029	–	–
Other assets	26	–	–	41,567,176	–	
Financial liabilities				–		
Deposits from financial institutions	31	–	–	–	–	73,939,637
Due to customers	32	–	–		–	187,414,870
Non pledged trading liabilities						–
Government bonds	21(b)	–	–	–	–	–
Treasury bills	21(b)					–
Commercial paper liabilities	33(a)					
Subordinated liabilities	33(b)					25,069,104
Other borrowings	33(c)					–
Derivative financial liabilities	22	–	–	–	–	–
Other liabilities	34	–	–	–	–	219,536,367
		22,484,153	52,316,770	470,400,018	–	505,959,978

Bank	Notes	Financial assets			Financial liabilty	
December 2023		At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	At fair value through profit or loss	At amortised cost
In thousands of Naira						
Cash and balances with banks						
Cash and balances with banks	19	–	–	104,014,572	–	–
Due from financial institutions	20	–	–	36,675,560	–	–
Derivative financial assets	22	11,584,604	–	–	–	–
Non pledged trading assets				–		
Treasury bills	21(a)	1,759,556	–		–	–
Government bonds	21(a)	3,972,209	–	–	–	–
Unquoted securities - FVTPL	21(a)	3,924,545		–		
Corporate Eurobond	21(a)	190,358		–		
Investment securities at FVTOCI						
Federal government bonds	23(a)	–	1,555,262		–	–
Treasury bills	23(a)	–	5,958,072	–	–	–
Special bills	23(a)	–	52,275,926	–		
Eurobonds	23(a)	–	3,165,077	–	–	–
Equity securities with readily determinable		–	–	–	–	–
Unquoted equity securities at fairvalue	23(a)		425,255	–		
Investment securities at amortised cost						
Treasury bills	23(b)	–	–	–	–	–
Federal government bonds	23(b)	–		19,426,807	–	–
Promissory notes	23(b)	–		6,929,281	–	–
State government bonds	23(b)	–		2,277,741	–	–
Corporate Bond	23(b)	–		8,023,981	–	–
Pledged assets						
Government bonds	24	–	–	6,298,298	–	–
Treasury bills	24	–	199,741	–	–	–
Special Bills		–	399,210	–	–	–
Loans and advances to customers	25	–	–	166,230,881	–	–
Other assets	26	–	–	74,873,614	–	
Financial liabilities						
Deposits from financial institutions	31	–	–	–	–	181,654,159
Due to customers	32	–	–	–	–	181,694,003
Non pledged trading liabilities						
Government bonds	21(b)	–	–	–	4,257,522	–
Treasury bills	21(b)				794,312	–
Commercial paper liabilities	33(a)					–
Subordinated liabilities	33(b)					24,991,944
Other borrowings	33(c)					–
Derivative financial liabilities	22	-	–	–	1,285,368	–
Other liabilities	34	–	–	–	–	89,208,499
		21,431,272	63,978,543	424,750,735	6,337,202	477,548,605

4.5 Financial assets and liabilities - Fair value measurement

(a) Accounting classification measurement basis and fair values

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

Bank

In thousands of Naira December 2024	Notes	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	19	–	172,752,323	–	–	–	172,752,323	172,752,323
Due from financial institutions	20	–	72,045,898	–			72,045,898	72,045,898
Non pledged trading assets								
– Treasury bills	21	8,287,446	–	–	–	–	8,287,446	8,287,446
– Government bonds	21	526,293	–	–			526,293	526,293
– Unquoted securities - FVTPL	21	3,216,169	–	–	–	–	3,216,169	3,216,169
Derivative financial assets	22	10,454,245	–	–	–	–	10,454,245	10,454,245
Loans and advances to customers	25	–	136,566,029	–			136,566,029	137,408,723
Pledged assets								
– Treasury bills	24	–	–	600,000	–	–	600,000	600,000
– Government Bonds	24	–	3,829,780	1,710,220	–	–	5,540,000	5,220,087
– Promissory notes	24	–	1,000,000	–	–	–	1,000,000	929,642
Investment securities								
– Financial assets at FVTOCI								
– Treasury bills	23(a)	–	–	40,603,378	–	–	40,603,378	40,603,378
– Corporate eurobond	23(a)	–	–	5,301,365	–	–	5,301,365	5,301,365
– FGN eurobond	23(a)	–	–	36,717	–	–	36,717	36,717
– Bonds	23(a)	–	–	3,623,459	–	–	3,623,459	3,623,459
– Equity	23(a)	–	–	441,631	–	–	441,631	441,631
– Financial assets at amortised cost					–	–		
– Treasury bills			1,254,951	-	–	–	1,254,951	1,364,062
– Federal Government Bonds	23(b)	–	24,428,588	-	–	–	24,428,588	15,821,308
– Promissory notes	23(b)	–	6,730,349		–	–	6,730,349	6,810,233
– State government bonds	23(b)		1,790,646		–	–	1,790,646	1,506,149
– Corporate bonds	23(b)		7,851,515		–	–	7,851,515	6,695,692
– Commercial papers	23(b)		582,763		–	–	582,763	641,111
Other assets	23(b)		40,699,749				40,699,749	40,699,749
	26	22,484,153	469,532,591	52,316,770	–	–	544,333,514	534,985,680
Deposits to financial institutions	31	–	–	–	–	73,939,637	73,939,637	73,939,637
Due to customers	32	–	–	–	–	187,414,870	187,414,870	187,414,870
Surbodinated Liabilities	33(b)	–	–	–	–	25,069,104	25,069,104	25,069,104
Other liabilities	34	–	–	–	–	223,732,340	223,732,340	223,732,340
		–	–	–	–	510,155,951	510,155,951	510,155,951

Bank

In thousands of Naira December 2023	Notes	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	19	-	104,014,572	-	-	-	104,014,572	104,014,572
Due from financial institutions	20	-	36,675,560	-	-	-	36,675,560	36,675,560
Non pledged trading assets								
- Treasury bills	21	1,759,556	-	-	-	-	1,759,556	1,759,556
- Government bonds	21	3,972,209	-	-	-	-	3,972,209	3,972,209
- Unquoted securities - FVTPl	21	3,924,545					3,924,545	3,924,545
- Corporate Eurobond	21	190,358					190,358	190,358
Derivative financial assets	22	11,584,604	-	-	-	-	11,584,604	11,584,604
Loans and advances to customers	25	-	166,349,627	-	-	-	166,349,627	166,349,627
Pledged assets								
- Treasury bills	24	-	-	199,741	-	-	199,741	199,741
- Special bills	24	-	-	399,210			399,210	399,210
- Government Bonds	24	-	6,298,298	-	-	-	6,298,298	6,298,298
Investment securities								
- Financial assets at FVTOCI								
- Treasury bills	23(a)	-	-	5,958,072	-	-	5,958,072	5,958,072
- Special bills	23(a)	-	-	52,275,926			52,275,926	52,275,926
- Bonds	23(a)	-	-	4,720,339	-	-	4,720,339	4,720,339
- Financial assets at amortised cost								
- Bonds	23(b)	-	19,426,807	-	-	-	19,426,807	19,323,434
- Promissory notes	23(b)		6,929,281				6,929,281	6,929,281
- State government bonds	23(b)		2,277,741				2,277,741	2,277,741
- Corporate bonds	23(b)		8,023,981				8,023,981	8,023,981
Other assets	26	-	74,873,614				74,873,614	74,873,614
		21,431,272	424,869,481	63,553,288	-	-	509,854,041	509,750,668
Deposits to financial institutions	31	-	-	-	-	181,654,159	-181,654,159	181,654,159
Due to customers	32	-	-	-	-	181,694,003	181,694,003	181,694,003
Non pledged trading liabilities								
- Treasury bills	21(b)	-	-	-	794,312	-	794,312	794,312
- Bonds	21(b)	3,972,209	-	-	4,257,522	-	8,229,731	8,229,731
Surbodinated liabilities	33(b)	-	-	-	-	24,991,944	24,991,944	24,991,944
Derivative financial instruments	22		-	-	1,285,368	-	1,285,368	1,285,368
Other liabilities	34	-	-	-	-	89,208,499	89,208,499	89,208,499
		3,972,209	-	-	6,337,202	477,548,605	487,858,016	487,858,016

5 FINANCIAL RISK MANAGEMENT

5.1 Credit risk management

In Coronation MB, credit risk is the single largest risk; this is in line with the Bank's primary business of financial intermediation in the merchant banking space. The Bank is also exposed to credit risks arising from investments in securities and other trading activities.

The Bank defines credit risk as the risk that obligors will be unable or unwilling to pay interest, and/or principal or fail to perform in their contractual obligations as specified in the agreement. Credit risk therefore may constitute an economic loss whose effect is measured by the cost of replacing cash flows if the other party defaults. This risk could be compounded if the assigned security only partly covers the claims made to the borrower, or if its valuation falls well short of the outstanding exposure at the time of default due to prevailing market conditions.

The Bank's Risk Management philosophy is that a moderate and guarded risk attitude will ensure gradual but sustainable growth in shareholder value and reputation. Extension of credit in Coronation Merchant Bank is guided by its Credit Risk Management Policy, Credit Risk Appetite and Credit Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio. The Plan also sets out the following:
- Risk assets growth pattern
- Anticipated risk adjusted return on assets
- Target average portfolio rating
- Assessment of the impact of the portfolio on capital adequacy
- Roles and responsibilities of different individuals and committees involved in the credit process.

The key guiding principles of the Bank's credit risk include the following:
- Precise articulation of policies on exposures, concentrations, pricing, collateral, and portfolio liquidity.
- A risk appetite dependent strategic approach rather than an aggressive approach in the creation of its credit risk assets.
- Minimization of the risk arising from a build-up of concentration in credit risk asset portfolio in any sector, obligor, or industry.
- Risk based pricing for all loans.
- An integrated mechanism to measure actual against target risk assets, risk adjusted returns and other indicators of a healthy portfolio
- A balance between the creation of risk assets and the portfolio liquidity

Coronation MB recognizes the fact that its main asset is its loan portfolio. Therefore, CMB actively safeguard and strive to continually improve the health of the loan portfolio. All applications are scrutinized to identify and eliminate potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems will be the foundation for the application of internal rating-based approach to calculation of capital requirements. The Bank's Basel II implementation strategy guides the development, implementation, and application of these models.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Coronation Merchant Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet prudential guidelines set forth by the Central Bank of Nigeria, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Coronation Merchant Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

Management of credit risk
The oversight of credit risk is done broadly at three levels; the Board level, Management level and Risk Management level.
At the Board level, credit risk is managed by the Board Credit and Investment Committee and Board Risk Management Committee with the following key role:
i) Approval of Credit Risk Policy and appetite
ii) Approval of Credit Risk Strategy
iii) Review of the quality of our loan portfolio on a quarterly basis
iv) Approval of credit requests for which the Management Credit and Investment Committee seeks approval

At the Management level, Credit Risk is managed by Management Credit and Investment Committee (MCIC), and the Enterprise Risk Management Committee (ERMC) with the following key roles:

i) Monthly review of loan portfolio
ii) Monitoring of the actual portfolio concentration limits against targeted performance
iii) Review and recommendation of Credit Policies and Standards to the Board Credit Committee.

The Internal Control function also provides some oversight on credit risk while Internal Audit provides independent assurance to the Board of the Bank. Despite the oversight provided at various levels, the strategic business functions are in the first level of defense, ensuring proper management of the credit relationship. As evident in the role of the Board in credit risk management, the development and approval of polices play a key role in setting the context for which credit risk is managed.

Principal Credit Policies

The following are the principal credit policies of the Bank
:

- **Credit Risk Management Policy:** The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure & risk limits, risk monitoring & control and reporting of credit risk in the banking book.

- **Credit Risk Rating Policy:** The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Coronation Merchant Bank and to provide guidelines for risk rating for exposures in the banking book covering credit and investment books of the Bank.

- **Credit Concentration and Portfolio Management Policy:** The Policy addresses the identification, measurement, management and monitoring of credit concentration in the Bank's Credit Portfolio.

- **Internal Capital Adequacy Assessment Process (ICAAP) Policy:** The objective of the policy is to ascertain that the bank has sufficient capital in place to cater for all material risks (both Pillar I & II) which it is exoposed to in the course of its business operation. It also enatails identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

- **Enterprise-wide Risk Management Policy:** The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Credit Risk Management

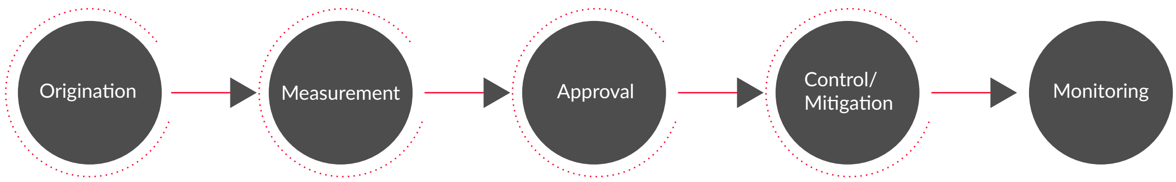
In Coronation Merchant Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

Notwithstanding who derives the risk rating, Credit Risk Management unit is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Coronation Merchant Bank Risk Rating Policy; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current.

Credit Risk Management has the final authority if there is a question about a specific rating.

Credit process

The Bank's credit process starts with portfolio planning and target market identification which form part of the origination process. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.
On-going management of loans is undertaken by both relationship management and our Credit Risk Management team. The complete credit process is shown the diagram below:



(a) Credit Origination

The credit origination process encompasses all activities before a credit facility reaches the credit risk management team. These activities include customer profiling, application of the risk acceptance criteria, account opening, customer's request for a facility, detailed analysis of the customer's financials and the subsequent preparation of the customer's credit application.

b) Credit risk measurement

Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. Coronation Merchant Bank employs a robust credit rating system based on international best practices (including Basel II & III recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Coronation Merchant Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). Our long-term goal is to adopt the Internal Rating Based ("IRB") approach.

All Coronation Merchant Bank businesses that extend credit are subject to the Risk rating policy.

Credit Risk Rating Models in Coronation Merchant Bank

The Bank has deployed the credit risk rating models below

Obligor Risk Rating (ORR) Models have been developed for:
1. Bank and Non Banking Financial Institutions
2. Corporate;
- Manufacturing Sector
- Trading Sector
- Services Sector
- Telecommunications and ICT Sector,etc

3. Private Banking Clients

Facility Risk Rating (FRR) Models have also been developed, which when combined with the ORR score, gives the final rating score for the obligor.

Risk Rating Process

The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Any deviations from the risk rating process must be explicitly approved. The Risk Rating of any credit request is the joint responsibility of the Business Manager and Credit Risk Manager associated with each business, however, Risk Management has the responsibility for final review of the risk rating.

Responsibilities of Business Units and Credit Risk Management

In Coronation Merchant Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

Risk Rating Scale and external rating equivalent

Coronation Merchant Bank operates a 22-point risk rating scale in line with those of international rating agencies, which provides sufficient granularity to ensure better diversification of the risk profile of the Bank's portfolio while avoiding excessive rating concentrations. The grade is composed by numbers from 1 to 10 including "+" or "-"modifiers to achieve sufficient grades or score and avoid concentration within one category.

The credit quality with reference to the internal rating system adopted by the Bank

Grade	Scale	Explanatory Note
1+	AAA	Obligors are judged to be of the highest quality, subject to the lowest level of credit risk.
1 1- 2+	AA+ AA AA-	Obligors are judged to be of high quality and are subject to very low credit risk.
2 2- 3+	A+ A A-	Obligors are judged to be upper-medium grade and are subject to low credit risk.
3 3- 4+	BBB+ BBB BBB-	Obligors are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
4 4- 5+	BB+ BBB BB-	Obligors are judged to be speculative and are subject to substantial credit risk.
5 5- 6+	B+ B B-	Obligors are considered speculative and are subject to high credit risk.
6 6- 7+	CCC+ CCC CCC-	Obligors are judged to be speculative of poor standing and are subject to very high credit risk.
8	Cc	Obligors are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
9	C	Obligorsare the lowest rated and are typically in default, with little prospect for recovery of principal or interest.
10	D	Lost

(c) Approval, Credit Risk Control & Mitigation policy

Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit and Investment Committee and further by the Management Credit and Investment Committee. The principle of central management of risk and decision authority is maintained by the Bank.

Collateral Policies

It is the Bank's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party

In Coronation Merchant Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio as may be required.

However primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk

"Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor can it compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."

The range of collaterals acceptable to the bank include:

- Cash / Deposit (domestic and foreign currency) with Bank including certificates of deposit or comparable instruments issued by the bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Shipping Documents (for imports)
- Bankers Acceptance

Master Netting arrangements

It is the Bank's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally transactions are allowed to run on a gross basis, however, incases of unfavorable credit migration, the Bank may elect to invoke the netting agreement.

Credit related commitments

It is the Bank's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

There have been no changes to the exposures to risk and how they arise, the objectives, policies and processes for managing the risk and the methods used to measure the risk from the previous period.

(d) Credit Monitoring & Portfolio Management

Credit risk Monitoring has the responsibility of the Loan Monitoring Department. The activity is carried out both at the individual obligor level (covering on and off-balance sheet exposures) and overall portfolio level.

The overriding objective of credit risk monitoring is to ensure that the quality of the Bank's credit portfolio is monitored daily to take prompt and appropriate remedial measures as soon as any deterioration or potential deterioration is identified.

In Coronation MB, Credit risk monitoring achieves the following
- Ensure quality, adequacy, and continuing relevance of the Bank's credit risk management systems
- Ensure quality and performance of credit portfolio at defined level of aggregation
- Quality and performance of obligor credit exposure

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Notes	Dec 2024	Dec 2023
Cash and balances with banks	19	172,752,323	104,014,572
Due from financial institutions	20	72,045,898	36,675,560
Non pledged trading assets			
- Treasury bills	21(a)	8,287,446	1,759,556
- Bonds	21(a)	526,293	4,162,567
Derivative financial assets	22	10,454,245	11,584,604
Loans and advances to customers	25	136,566,029	166,230,881
Pledged assets			
- Bonds	24	5,540,000	6,298,298
- Promissory notes	24	1,000,000	–
- Treasury bills	24	600,000	200,000
– Special bills	24	–	400,000
Investment securities			
Fair value through other comprehensive income	23(a)	40,603,378	5,958,072
– Treasury bills	23(a)	–	52,275,926
– Special bills	23(a)	3,623,459	1,555,262
- Bonds	23(a)	5,301,365	3,145,383
– Corporate eurobond	23(a)	36,717	19,695
– FGN eurobond	23(a)	441,631	425,255
– Unquoted equities			
Amortised cost			
– Treasury bills	23(b)	1,254,951	–
– Federal government bonds	23(b)	24,428,588	19,426,807
– Promissory notes	23(b)	6,730,349	6,929,281
– State government bonds	23(b)	1,790,646	2,277,741
– Commercial Papers	23(b)	582,763	–
– Corporate Bonds	23(b)	7,851,515	8,023,981
Other assets	26	40,699,749	74,873,614
Total		541,117,344	506,237,053
Off balance sheet exposures			
Guaranteed credit facilities			
Clean line facilities for letters of credit and other	36	28,377,138	4,202,707
trade commitments	36	55,314,162	19,084,574
Total		83,691,300	23,287,281

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the bank as at 31 December 2024 and 31 December 2023, without taking account of any collateral held or other credit enhancements attached.

A portion of the bank's financial assets originated by investments in Federal Government Securities (Treasury bills and Bonds) has sufficiently low default risk, which is reflected in expected credit loss (ECL) allowance being recognised in accordance with the bank's ECL model.

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position.

The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

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

In thousands of Naira	December 2024	December 2023
Agriculture	4,292,286	4,914,522
Construction	4,093,820	525,547
Finance and insurance	-	86,158
General	427,487	874,073
General commerce	11,346,637	23,222,235
Manufactiring (Industries)	57,108,658	88,213,607
Real Estate	738,229	1,375,521
Oil And Gas - Downstream	41,428,255	32,032,227
Minning & Quarrying	6,486,222	5,094,145
Logistics	10,163,761	7,971,680
Telecoms	608,758	2,039,911
Personal	29,004	-
	136,723,118	166,349,627

5.1.3 (a) Credit quality by class

December 2024

Loans to Individuals

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Investment grade	–	–	–	–	–	–	–	–	–
Sub-Investment grade	425,438	1,049	–	426,487	1,142	11	–	1,153	425,334
	425,438	1,049	–	426,487	1,142	11	–	1,153	425,334

Loans to Corporate Customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Investment grade	35,707,949	–	–	35,707,949	46,127	–	–	46,127	35,661,822
Sub-Investment grade	95,906,661	4,682,021	–	100,588,682	95,257	14,552	–	109,809	100,478,873
	131,614,610	4,682,021	–	136,296,631	141,384	14,552	–	155,936	136,140,695

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Investment grade	56,964,278	–	–	56,964,278	–	–	–	–	56,964,278
Sub-Investment grade	83,691,300	–	–	83,691,300	(198,808)	–	–	(198,808)	83,890,108
	140,655,578	–	–	140,655,578	(198,808)	–	–	(198,808)	140,854,386

Investment securities and pledged assets

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
	–	–	–	–	–	–	–	–	–
Sub-Investment grade	99,785,361	–	–	99,785,361	39,696	–	–	39,696	99,745,665
Speculative	99,785,361	–	–	99,785,361	39,696	–	–	39,696	99,745,665

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
									–
Investment grade	72,086,250	–	–	72,086,250	40,352	–	–	40,352	72,045,898
Speculative	72,086,250	–	–	72,086,250	40,352	–	–	40,352	72,045,898

Other assets (Using simplified approach)

In thousands of Naira	Gross amount	ECL	Carry amount
Non-Investment	44,120,461	2,553,285	41,567,176
	44,120,461	2,553,285	41,567,176

Credit quality by class
December 2023

Investments Loans to Individuals In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Investment grade	–	–	–	–	–	–	–	–	–
Sub-Investment grade	766,842	–	–	766,842	2,122	–	–	2,122	764,720
	766,842	–	–	766,842	2,122	–	–	2,122	764,720
Loans to Corporate Customers In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Internal rating grade									
Investment grade	98,175,584	–	–	98,175,584	42,432	–	–	42,432	98,133,152
Sub-Investment grade	67,407,201	–	–	67,407,201	74,192	–	–	74,192	67,333,009
	165,582,785	–	–	165,582,785	116,624	–	–	116,624	165,466,161
Off balance sheet In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Internal rating grade									
Investment grade	–	–	–	–	–	–	–	–	–
Sub-Investment grade	60,599,148	–	–	60,599,148	32,530	–	–	32,530	60,566,618
	60,599,148	–	–	60,599,148	32,530	–	–	32,530	60,566,618
Investment securities In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Sub–Investment grade	–	–	–	–	–	–	–	–	–
Speculative	107,876,656	–	–	107,876,656	103,373	–	–	103,373	107,773,283
	107,876,656	–	–	107,876,656	103,373	–	–	103,373	107,773,283
Money market placements In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carry amount
Investment grade	–		–	–	–	–	–	–	–
Speculative	36,689,287	–	–	36,689,287	13,727	–	–	13,727	36,675,560
	36,689,287	–	–	36,689,287	13,727	–	–	13,727	36,675,560
Other assets (Using simplified approach) In thousands of Naira	Gross amount	ECL	Carry amount						
Non-Investment	76,657,851	1,784,237	74,873,614						
	76,657,851	1,784,237	74,873,614						

5.1.3 Credit quality

(b) Credit quality by risk rating class

December 2024
In thousands of Naira
Loans to Retail Customers

		Gross amount				ECL				
External Rating Equivalent Grade		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
B+ and above	Sub investment	425,438	1,049	–	426,487	1,142	11	–	1,153	425,334
		425,438	1,049	–	426,487	1,142	11	–	1,153	425,334

Loans to Corporate Customers

		Gross amount				ECL				
External Rating Equivalent Grade		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
A+	Investment									
A	Investment									
A–	Investment	35,707,949	–	–	35,707,949	46,127	–	–	46,127	35,661,822
B+ and above	Sub Investment	95,906,661	4,682,021	–	100,588,682	95,257	14,552	–	109,809	100,478,873
		131,614,610	–	–	136,296,631	141,384	14,552	–	155,936	136,140,695

Investment securities

		Gross amount				ECL				
External Rating E q Grade		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
			–	–			–			
AAA	Investment	–	–	–	–	–	–	–	–	–
AA+	Investment	–	–	–	–	–	–	–	–	–
AA	Investment	–	–	–	–	–	–	–	–	–
AA-	Investment	–	–	–	–	–	–	–	–	–
A+	Investment	–	–	–	–	–	–	–	–	–
A-	Investment	–	–	–	–	–	–	–	–	–
B-	Speculative	99,785,361	–	–	99,785,361	39,696	–	–	39,696	99,745,665
		99,785,361			99,785,361	39,696	–		39,696	99,745,665

December 2023
In thousands of Naira

Loans to Retail Customers

		Gross amount				ECL				
External Rating E q Grade		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
B+ and above	Sub investment	766,842	–	–	766,842	2,122	–	–	2,122	764,720
		766,842	–	–	766,842	2,122	–	–	2,122	764,720

Loans to Corporate Customers

		Gross amount				ECL				
External Rating E q Grade		Stage 1	Stage 2	Stage 3	Stage 3	Stage 3	Stage 2	Stage 3	Total	Stage 3
AA+	Investment	8,689,188	–	–	8,689,188	133	–	–	133	8,689,055
A	Investment	8,471,407	–	–	8,471,407	813	–	–	813	8,470,594
A –	Investment	81,014,989	–	–	81,014,989	12,790	–	–	12,790	81,002,199
B+ and above	Sub Investment	67,407,201	–	–	67,407,201	102,888	–	–	102,888	67,304,313
		165,582,785	–	–	165,582,785	116,624	–	–	116,624	165,466,161

Investment securities

		Gross amount				ECL				
External Rating E q Grade		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
AAA	Investment	–	–	–	–	–	–	–	–	–
AA+	Investment	–	–	–	–	–	–	–	–	–
AA	Investment	–	–	–	–	–	–	–	–	–
AA-	Investment	–	–	–	–	–	–	–	–	–
A+	Investment	–	–	–	–	–	–	–	–	–
A	Investment	–	–	–	–	–	–	–	–	–
A-	Investment	–	–	–	–	–	–	–	–	–
B-	Speculative	107,876,656	–	–	107,876,656	103,373	–	–	103,373	107,773,283
		107,876,656	–	–	107,876,656	103,373	–	–	103,373	107,773,283

Derivative Financial Instruments

	Assets				Liabilities			
	Gross Nominal		Fair Value		Gross Nominal		Fair Value	
External Rating 1 Grade	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
AAA Investment	28,664,106	28,664,106	10,454,245	11,584,604	-	15,637,117	-	(1,285,368)
Gross amount	28,664,106	28,664,106	10,454,245	11,584,604	-	15,637,117	-	(1,285,368)

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired.

5.1.3 Credit quality

(c) Credit quality by staging

December 2024

In thousands of Naira

Loans and advances to retail customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
Mortgage Loan	289,254	–	–	289,254	–	–	–	–	289,254
Personal Loan	136,184	1,049	–	137,233	1,142	11	–	1,153	136,080
	425,438	1,049	–	426,487	1,142	11	–	1,153	425,334

Loans and advances to corporate customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
Overdraft	4,695,594	–	–	4,695,594	46,127	–	–	46,127	4,649,467
Term Loan	130,509,940	1,091,097	–	131,601,037	95,257	14,553	–	109,809	131,491,228
	135,205,534	1,091,097	–	136,296,631	141,384	14,553	–	155,936	136,140,695

December 2023

Loans and advances to retail customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
Mortgage Loan	397,987	–	–	397,987	1,644	–	–	1,644	396,343
Personal Loan	368,855	–	–	368,855	478	–	–	478	368,377
	766,842	–	–	766,842	2,122	–	–	2,122	764,720

Loans and advances to corporate customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carry amount
Overdraft	2,703,370	–	–	2,703,370	41,583	–	–	41,583	2,661,787
Term Loan	162,879,415	–	–	162,879,415	75,041	–	–	75,041	162,804,374
	165,582,785	–	–	165,582,785	116,624	–	–	116,624	165,466,161

Analysis of inputs to the ECL model under multiple economic scenerios

Key Drivers of ECL	ECL Scenerio	Assigned Probabilities	2024	2025
GDP and PLR (%)	Base	50%	27.9%	27.9%
	Best	30%	39.3%	39.3%
	Worst	20%	32.8%	32.8%

5.1.3
(d) Estimate of the fair value of collateral and other security enhancements

Estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown below:

In thousands of Naira	December 2024	December 2023
Against neither past due and not impaired		
Property	33,851,795	14,728,677
Cash	15,278,145	53,359,894
Pledged goods and assets	4,606,876	2 ,378,412
All asset debentures and guarantees	1,878,312,216	837,700,845
Investments	100,000	35,000
Total	**1,932,149,033**	**908,202,829**

Collateral held and other credit enhancements, and their financial effect

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

5.1.4
(a) Credit concentration

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

By Sector December 2024 In thousands of Naira	Corporate	Finance and insurance	Government	Others	Total
Cash and balances with banks	–	172,752,323	–	–	172,752,323
Non pledged trading assets	–	–		–	
- Treasury bills			8,287,446		8,287,446
- Bonds	–	–	526,293	–	526,293
- Unquoted equities FVTPL	–	–	3,216,169	–	3,216,169
Derivative financial assets		10,454,245	–	–	10,454,245
Loans and advances to customers	136,109,538	–	–	456,491	136,566,029
Pledged assets					
- Treasury bills	–	–	600,000	–	600,000
- Bonds	–	–	5,540,000	–	5,540,000
– Promissory notes			1,000,000	–	1,000,000
Investment securities					
Fair value through other comprehensive income	–				
- Treasury bills		–	40,603,378	–	40,603,378
- Corporate eurobonds	5,301,365	–	–	–	5,301,365
- FGN eurobonds	–		36,717		36,717
- Bonds		–	3,623,459	–	3,623,459
- Unquoted equity	441,631		–		441,631
Amortised cost					
– Treasury bills	–	–	1,254,951		1,254,951
– Federal government bonds	–	–	24,428,588		24,428,588
– Promissory notes	–	–	6,730,349	–	6,730,349
– State government bonds	–	–	1,790,646	–	1,790,646
– Corporate Bonds	7,851,515	–	–	–	7,851,515
– Commercial Papers	582,763	–		–	582,763
Other assets	15,476,704	–	26,090,472	–	41,567,176
Total	**165,763,516**	**255,252,466**	**123,728,468**	**456,491**	**545,200,940**

By Sector December 2023 In thousands of Naira	Corporate	Finance and insurance	Government	Others	Total
Cash and balances with banks	–	104,014,572	–	–	104,014,572
Due from financial institutions	–	36,675,560	–	–	36,675,560
Non pledged trading assets					
- Treasury bills	–	–	1,759,556	–	1,759,556
- Bonds	–	–	4,162,567	–	4,162,567
Derivative financial assets	–	11,584,604	–	–	1 1,584,604
Loans and advances to customers	165,380,003	86,158	–	764,720	166,230,881
Pledged assets					
- Special bills	–		399,210		
- Bonds	–	–	6,298,298	–	399,210
Investment securities		–		–	6,298,298
Fair value through other comprehensive income					
- Treasury bills	–		5,958,072	-	5,958,072
- Special bills	-	–	52,275,926	–	52,275,926
- Bonds	3,145,383	–	1,574,957	–	4,720,339
Amortised cost					
– Federal government bonds	–		19,426,807		
– Promissory notes	–		6,929,281		
– State government bonds	–		2,277,741		
– Corporate Bonds	8,023,981		–		
Other assets	13,860,776	–	61,012,838	–	7 4,873,614
Total	190,410,143	152,360,894	162,075,253	764,720	468,953,199

5.2 Market risk management

Definition

Coronation Merchant Bank's ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. Coronation Merchant Bank is also exposed to market risk through non-traded interest rate risk in its banking book:

Market risk policy, management and control

The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. It's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk. The Bank is exposed to market risk through adverse movements in equity prices, foreign exchange and interest rates.

Coronation Merchant Bank manages market risk in line with its principal risks and control policy requirements approved by the Board Risk Management Committee. The Board approves the risk appetite for trading and non-trading activities and risk limits are set within the context of the approved market risk appetite. Market Risk monitors exposures against these limits.

The Bank's position limits are based on the risk appetite approved by the Board of Directors, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term.
Each trading unit within the Bank adheres to the general rules set out by the Board of Directors. Moreover, each trading unit has its own set of working procedures and rules that further specify their targets, limits and scope in trading.

The position limits, or any changes to them, are based on, among other factors, underlying liquidity, the Bank's risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to Management, Executive Risk Management Committee, relevant Board Risk Management Committees daily (through a dashboard), monthly and quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The head of each business, assisted by the business risk management team, is accountable for all market risks associated with its activities. Oversight and support is provided to the business by the central market risk team.

Coronation Merchant Bank has a dedicated market risk team with the sole responsibility of implementing the market risk control framework. Daily market risk reports are produced for trading portfolios covering all risk categories including interest rate, equity and foreign exchange credit spread risk.

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. By backtesting VaR models against actual result, their predictive power can be assessed.

Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

Identifying the growing importance of market risks in the Bank's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. Prominent among the steps taken by management is the documentation of Internal Capital Adequacy Assessment Process (ICAAP), for effective risk and capital management, and approving more stringent limits to ensure market risk exposures are within its appetite.

Traded market risk measurement and control

The measurement/control techniques used to measure and control traded market risk include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, value at risk, tail risk, stress testing, etc.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Daily value at risk (DVaR)

DVaR is an estimate of the potential loss that might arise from unfavourable market movements if current positions were to be held unchanged for one business day, measured to a confidence level of 99%. This is to guard against incidence of significant market movements, consequently improving management, transparency and control of the market risk profile.

Coronation Merchant Bank uses an internal DVaR model based on the variance-covariance (analytical) method. Two years of unweighted historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding year at a 99% confidence level for regulatory backtesting and regulatory capital calculation purposes respectively. This model covers general market (position) risk across all approved interest rate, foreign exchange, commodity, equity and traded credit products.

There are a number of considerations that should be taken into account when reviewing DVaR numbers. These are as follows:

- The analytical method assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- DVaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the DVaR calculation when there is difficulty obtaining rate/price information.

To complement DVaR, tail risk metrics, stress testing and other sensitivity measures are used.

Backtesting

DVaR is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.

Market risk management

The regulatory standard for backtesting is to measure daily losses against DVaR assuming a one-day holding year and a 99% level of confidence. The regulatory green zone of three or less exceptions over a 12-month year is consistent with a good working DVaR model.

Stress testing

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios.

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past years of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress tests cenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Risk limits

Risk limits are set and reviewed at least annually to control Coronation Merchant Bank's trading activities in line with the defined risk appetite of the bank. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of DVaR. This is further supported by a comprehensive set of non-DVaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

Foreign Currency Trading Position Limits (FCTPL): The Bank, in keeping with the prudency concept, sets its policy limit for Trading Position at a level lower than the maximum FCTPL approved by the regulatory authority. In setting the internal FCTPL, the following considerations are imperative:

- The Regulatory FCTPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies;
- The Bank's desired positioning in the relevant FX market with requirements for

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of gross earnings.

Market risk management

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time year may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit 6% of Shareholders' funds.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest bearing assets and liabilities in its trading and banking books.

Coronation Merchant Bank's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.
The 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. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Bank balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity.

These risks impact both the earnings and the economic value of the bank. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the bank's non-trading activities.

The principal tool used to measure and control market risk exposure within the bank's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Bank is to be exposed to. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite.

Foreign exchange risk

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks.

The Bank's foreign exchange risk is considered at a consolidated level since an effective overview of such risk is a critical element of the Bank's asset/liability risk management. The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk 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. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.

Our net total currency balance is always within specified regulatory limits which is currently 0% (long) and -20% (short) of shareholders' funds.

5.2.1 A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

In thousands of Naira

31 December 2024

	Re-pricing period						
	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Cash and balances with banks	–	–	–	–	–	172,752,324	172,752,324
Due from financial institutions	5,757,609	–	31,608,933	34,679,356	–	–	72,045,898
Non pledged trading assets	–	–	–	–	–	–	
- Treasury bills	5,036,969	1,195,808	2,054,668		–	–	8,287,446
- Bonds	54,649	–	3,958	151,728	315,959	–	526,293
- Unquoted equities	–	–	–	–	–	3,216,169	3,216,169
Derivative financial assets	–			10,454,245	–	–	10,454,245
Loans and advances to customers	108,439,721	8,466,486	3,722,983	1,671,636	14,265,203		136,566,029
Pledged assets	–	–	–	–	–	–	–
- Treasury bills	–	600,000	–	–	–	–	600,000
– Promissory notes	–	–	500,000	500,000	–	–	1,000,000
- Bonds	–	–	–	940,000	4,600,000	–	5,540,000
Investment securities	–	–	–	–	–	–	–
Fair value through other comprehensive income						–	–
- Treasury bills	8,120,676	10,041,696	22,441,007	–	–		40,603,378
- Corporate eurobonds	–	–	–	5,301,365	–	–	5,301,365
- FGN eurobonds	–	–	–	36,717	–	–	36,717
- Bonds	–	–	–	673,127	2,950,332	–	3,623,459
- Unquoted equities	–	–				441,631	441,631
Amortised cost		–	–	–	–	–	–
- Treasury bills	1,254,951	–	–	–	–	–	1,254,951
– Federal government bonds	–	–	27,149	3,699,503	20,701,936	–	24,428,588
– Promissory notes	–	–	4,049,343	2,681,006	–	–	6,730,349
– State government bonds	–	–	142,204	825,952	822,491	–	1,790,647
– Corporate Paper	582,763	–	–	–	–	–	582,763
– Corporate Bonds	3,119,091	–	96,239	3,631,986	1,004,199	–	7,851,515
Other assets	15,476,705	–	–	25,223,044	–	–	40,699,749
	147,843,133	20,303,990	64,646,484	90,469,665	44,660,120	176,410,124	544,333,515
						–	
			–	–	–	–	73,939,637
Deposits to financial institutions	13,951,045	59,988,593	8,187,732	–	–	–	187,414,870
Due to customers	174,013,607	5,213,531	–	–	–	–	
Non pledged trading liabilities	–	–	–	–	–		–
- Treasury bills		–				–	–
- Bonds	–		–	–	–	–	–
Derivative financial assets	–	–	–	–	–	–	–
Surbodinated Liabilities	–	–	25,069,104	–	–	–	25,069,104
Other borrowings	–	–	–	–	–	–	–
Other liabilties	–	–	29,082,719	–	–	190,453,648	219,536,367
	187,964,652	**65,202,124**	**62,339,555**	**–**	**–**	**190,453,648**	**505,959,978**
Total interest re-pricing gap	(40,121,518)	(44,898,134)	2,306,929	90,469,665	44,660,120	(14,043,524)	38,373,537

In thousands of Naira **31 December 2023**	Re-pricing period						
	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Cash and balances with banks	–	–	–	–	–	104,014,572	104,014,572
Due from financial institutions	8,894,409	–	27,781,151	–	–	–	36,675,560
Non pledged trading assets	–	–	–	–	–	–	–
- Treasury bills	188,386	842,798	728,372		–	–	1,759,556
- Bonds	–	3,553	124,243	416,815	3,617,956	–	4,162,567
Derivative financial assets	3,239,337	8,345,267	–	–	–	–	11,584,604
			14,118	36,979,811	104,128,333		166,230,882
Loans and advances to customers	7,892,678	17,215,942	–	–	–	–	–
Pledged assets	–	–	–	–	–	–	–
- Treasury bills	199,741	–	–	–	–	–	199,741
- Special bills	399,210	–	–	3,231,553	4,008,750	–	399,210
- Bonds	–	–	–	–	–	–	7,240,303
Investment securities	–	–				–	–
Fair value through other comprehensive income							
- Treasury bills	323,572	4,274,053	1,360,448	–	–		
- Special bills	34,872,170	17,403,756	–	–	–	–	5,958,072
– Promissory notes	–	–	–	–	–	–	52,275,926
- Bonds	–	–	–	3,165,077	1,555,262	–	–
Amortised cost	–	–	–	–	–	–	4,720,339
- Treasury bills	--	–	–	–	–	–	–
- Bonds	8,037,175	–	–	(7,936,689)	36,453,951	–	36,554,437
– Promissory notes	–	–	–	–	–	74,873,614	74,873,614
Other assets	**64,046,678**	**48,085,368**	**30,008,332**	**35,856,567**	**149,764,252**	**178,888,186**	**506,649,382**
Deposits to financial institutions	126,497,911	46,639,438	8,516,810	–	–	–	181,654,159
Due to customers	167,098,606	5,502,264	9,093,132	–	–	–	181,694,002
Non pledged trading liabilities	870,560	57,280	678,659	1,874,170	1,571,165	–	5,051,834
- Treasury bills	–	–	–	–		–	–
- Bonds	–	–	–	–	–	–	–
Derivative financial assets	1,285,368	–	–	–	–	–	1,285,368
Commercial Paper Liabilities		–	–	–	–	–	–
Surbodinated Liabilities	–	–	–	24,991,944	–	–	24,991,944
Other borrowings	–	–	–	–	–	—	–
Other liabilties	89,208,499	–	–	–	–	–	89,208,499
	384,960,944	**52,198,982**	**18,288,601**	**26,866,114**	**1,571,165**	**–**	**483,885,806**
	(320,914,266)	(4,113,614)	11,719,731	8,990,453	148,193,087	178,888,186	22,763,576
Total interest re-pricing gap							

5.2.2 Exposure to fixed and variable interest rate risk

The table below sets out information on the exposure to fixed interest instruments. There were no exposures to variable rate instruments in the period.

31-Dec-2024 ASSETS	Fixed N'000	Variable N'000	Non-interest bearing N'000	Total N'000
Cash and balances with banks	–	–	172,752,323	172,752,323
Due from financial institutions	72,045,898		–	72,045,898
Non pledged trading assets	8,813,739		3,216,169	12,029,908
Derivative financial assets	–	10,454,245	–	10,454,245
Loans and advances to customers	136,566,029		–	136,566,029
Pledged assets	7,140,000		–	7,140,000
Investment securities:				
- Fair value through other comprehensive income	49,564,919		–	49,564,919
- Amortised cost	42,599,116		–	42,599,116
- Unquoted Securities	–		4 41,631	4 41,631
Other asset	–		40,699,749	40,699,749
	316,729,700	10,454,245	217,109,872	544,293,817
Liabilities				
Deposits to financial institutions	73,939,637		–	73,939,637
Due to customers	157,085,290		30,329,580	187,414,870
Subordinated liabilities	29,082,719		–	25,069,104
Other liabilities		–	190,453,648	219,536,367
	285,176,750	–	220,783,228	505,959,978

31-Dec-2023 ASSETS	Fixed N'000	Variable N'000	Non-interest bearing N'000	Total N'000
Cash and balances with banks	–	–	104,014,572	104,014,572
Due from financial institutions	36,675,560		–	36,675,560
Non pledged trading assets	5,922,123		–	5,922,123
Derivative financial assets	11,584,604		–	11,584,604
Loans and advances to customers	166,230,881		–	166,230,881
Pledged assets	7,839,254		–	7,839,254
Investment securities:				
- Fair value through other comprehensive income	58,917,840		4,036,496	62,954,336
- Amortised cost	8,037,175		28,517,262	36,554,437
Other asset	–		74,873,614	74,873,614
	295,207,437	–	211,441,944	506,649,381
Liabilities				
Deposits to financial institutions	181,654,159		–	181,654,159
Due to customers	181,694,003		–	181,694,003
Non pledged trading liabilities	1,606,499		3,445,335	5,051,834
Derivative financial liabilities	–		1,285,368	1,285,368
Subordinated liabilities	24,991,944		–	24,991,944
Other borrowings	–		89,208,499	89,208,499
Other liabilities	389,946,605	–	93,939,202	483,885,807

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Bank's Treasury.

Cash flow and fair value interest rate risk

The Bank's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the Bank to cash flow interest rate risk.

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

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner: I)
i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Interest sensitivity analysis - 31 December 2024
Impact on net interest income of +/-100 basis points changes in rates over one period (N'000)

	Cashflow interest rate risk	
Time Band	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	401,215	(401,215)
6 months	448,981	(448,981)
12 months	(23,069)	23,069
	827,127	**(827,127)**

Interest sensitivity analysis - 31 December 2023
Impact on net interest income of +/-100 basis points changes in rates over one period (N'000)

	Cashflow interest rate risk	
Time Band	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(167,756)	167,756
6 months	(340,450)	340,450
12 months	191,149	(191,149)
	(317,057)	**317,057**

The preceeding table sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and at fair value through OCI. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of fair value through profit or loss investments is on the income statement while the impact of fair value through other comprehensive income instruments is on the statement of other comprehensive income.

December 2024	Carrying Value	Impact of 50 basis points increase in yields	Impact of 100 basis points increase in yields
Impact on Statement of Comprehensive Income			
Bonds at Fair value through Profit or Loss	526,293	(2,631)	(5,263)
T-bills at Fair value through Profit or Loss	8,287,446	(41,437)	(82,874)
	8,813,739	(44,069)	(88,137)
Impact on Other Comprehensive Income			
Investments at Fair value through other comprehensive income	49,564,919	(247,825)	(495,649)
			–
	58,378,658	**(291,893)**	**(583,787)**
TOTAL			

December 2023	Carying Value	Impact of 50 basis points increase in yields	Impact of 100 basis points increase in yields
Impact on Statement of Comprehensive Income			
Bonds at Fair value through Profit or Loss	4,162,567	(20,813)	(41,626)
T-bills at Fair value through Profit or Loss	1,759,556	(8,798)	(17,596)
	5,922,123	(29,611)	(59,221)
Impact on Other Comprehensive Income			
Investments at Fair value through other comprehensive income	62,954,337	(314,772)	(629,543)
TOTAL	**68,876,460**	**(344,382)**	**(688,765)**

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

31 December 2024 In thousands of Naira	Total	Naira	US	GBP	CNY	ZAR	Euro	JPY
Cash and balances with banks	172,752,323	69,877,807	101,616,546	221,321	813,895	134	222,619	-
Due from financial institutions	72,045,898	37,366,542	34,679,356	-	-	-	-	-
Non pledged trading assets							-	-
-Treasury bills	8,287,446	8,287,446	-	-	-	-		-
- Bonds	526,293	526,293	-	-	-	-	-	-
- Unquoted securities - FVTPL	3,216,169	3,216,169	-	-	-			-
Derivative financial assets	10,454,245	10,454,245	-	-	-	-		-
Loans and advances to customers	136,566,029	38,524,615	96,428,705	-	-	-	1,612,709	-
						-	-	-
Pledged assets								-
- Treasury bills	600,000	600,000	-	-	-	-	-	-
- Bonds	5,540,000	5,540,000	-	-	-	-	-	-
- Promissory notes	1,000,000	1,000,000	-	-	-	-	-	-
Investment securities			-	-	-	-		-
Fair value through other comprehensive income			-	-	-	-	-	-
- Treasury bills	40,603,378	40,603,378					-	-
- Bonds	3,623,459	3,623,459	-	-	-	-	-	-
- Equity	441,631	441,631	-	-	-	-	-	-
- Corporate eurobonds	5,301,365	-	5,301,365	-	-	-	-	-
- FGN eurobonds	36,717	-	36,717	-	-	-	-	-
Amortised cost						-	-	-
- -Federal Government bonds	24,388,892	24,388,892	-	-	-	-	-	-
- State government bonds	1,790,646	1,790,646	-	-	-	-	-	-
- Corporate bonds	7,851,515	7,851,515	-	-	-	-	-	-
- Treasury bills	1,254,951	1,254,951	-	-	-	-	-	-
- Promissory notes	6,730,349	6,730,349	-	-	-	-	-	-
- Commercial papers	582,763	582,763	-	-	-	-		-
Other assets	40,699,749	32,605,808	8,093,941	-	-		-	-
	544,293,817	295,266,508	246,156,630	221,321	813,895	134	1,835,328	-
								-
Deposits to financial institutions	73,939,637	3,169,290	70,770,347	-	-	-	-	-
Due to customers	187,414,870	137,908,428	49,445,464	60,978	-	-	--	-
Non pledged trading liabilities			-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	-	-
- Bonds	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	
Commercial papers	-	-	-	-	-	-	-	
Surbodinated Liabilities	25,069,104	25,069,104	-	-	-	-	-	
Other borrowings	-	-	-	-	-	-	-	
Other liabilties	223,732,340	114,928,662	107,562,789	1,064	187	-	1,224,695	14,943
	510,155,951	281,075,484	227,778,600	62,042	187	-	1,224,695	14,943
Net FCY Exposure	34,137,866	14,191,024	18,378,030	159,279	813,708	134	610,633	(14,943)

31 December 2023

In thousands of Naira

	Total	Naira	US	GBP	CNY	ZAR	Euro	JPY
Cash and balances with banks	104,014,572	13,194,120	89,794,419	35,876	554,060	(119)	436,216	-
Due from financial institutions	36,675,560	29,022,804	7,634,539	18,217	-	-	-	-
Non pledged trading assets							-	-
–Treasury bills	1,759,556	1,759,556	-	-	-	-		-
– Bonds	4,162,567	3,972,209	190,358	-	-	-	-	-
– Equity	-		-	-	-		-	-
– Unquoted securities - FVTPL	3,924,545	3,924,545	-	-	-	-	-	-
Derivative financial assets	11,584,604	11,584,604	-	-	-	-		-
Loans and advances to customers	166,230,881	26,352,640	138,259,795	7,152	32,023	-	1,579,270	-
							-	-
Pledged assets					-	-	-	-
– Special bills	399,210	399,210	-	-	-	-	-	-
– Treasury bills	199,741	199,741	-	-	-	-	-	-
– Bonds	6,298,298	6,298,298	-	-	-	-		-
– Promissory notes	942,005	942,005	-		-	-	-	-
Investment securities	-						-	-
Fair value through other comprehensive income				-	-	-	-	-
- Treasury bills	5,958,072	5,958,072	-	-	-	-	-	-
- Bonds	1,555,262	1,555,262	-	-	-	-	-	-
- Corporate eurobonds	3,145,383		3,145,383	-	-	-	-	-
- FGN eurobonds	19,695		19,695		-	-	-	-
- Equity	425,255	425,255	-		-	-	-	-
- Special bills	52,275,926	52,275,926	-	-	-	-	-	-
- Promissory notes	-	-	-	-	-	-	-	-
Amortised cost	19,323,434	19,323,434		-	-	-	-	-
– FGN Bonds	2,277,741	2,277,741			-	-	-	-
– State government bonds	8,023,981	8,023,981			-	-	-	-
– Corporate bonds	-	-		-	-	-	-	-
– Treasury bills	6,929,281	6,929,281		-	-	-	-	-
– Promisssory notes	-	-		-	-	-		-
– Commercial papers	75,980,760	71,798,158	4,167,331	401	11,086	-	3,784	-
Other assets	512,106,328	266,216,842	243,211,520	61,646	597,169	(119)	2,019,270	-
Deposits to financial institutions	181,654,159	**60,484,462**	121,169,697	-	-	-	-	-
Due to customers	181,694,004	**133,317,769**	48,339,403	36,811	-	-	21	-
Non pledged trading liabilities	-				-	-	-	
- Treasury bills	-	-	-	-	-	-	-	
- Bonds	-	-	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	-	-	
Commercial papers	-	-	-	-	-	-	-	
Surbodinated Liabilities	24,991,944	24,991,944	-	-	-	-	-	
Other borrowings	9,037,329	-	-	-	-	-	-	
Other liabilties	81,510,099	26,494,944	55,539,842	1,948	182,461	(789,695)	80,598	
	478,887,535	245,289,120	225,048,941	38,759	182,461	(789,695)	80,619	-
Net FCY Exposure	42,256,122	20,927,722	18,162,579	22,887	414,707	789,576	1,938,650	-

5.2.3 Foreign currency sensitivity analysis

The Bank's principal foreign currency exposure is to US Dollars, as it constituted 99% of the Bank's foreign currency exposure as at 31 December 2024. The table below illlustrates the hypothetical sensitivity of the Bank's reported profit to a 10% and 5% increase in the US Dollar/Naira exchange rates at the year-end dates, assuming all other variables remain unchanged. The sensitivity rate of 10% and 5% represents the management's assessment of a reasonable possible change based on historic volatility.

In thousands of naira	Impact on statement of comprehensive income 31 Dec 2024	Impact on statement of comprehensive income 31Dec 2023
Naira weakens by 10%	3,413,787	4,225,612
Naira weakens by 5%	1,706,893	2,112,806
Naira strengthens by 10%	(3,413,787)	(4,225,612)
Naira strengthens by 5%	(1,706,893)	(2,112,806)

Foreign currency exposure risk ratio

The aggregate Foreign Exchange Risk Ratio measures the sum-total of all single currency foreign exchange open position as a percentage of Shareholders' funds. The open position is derived after taking into account qualifying off-financial position hedging instruments (where they exist). The Bank uses an internal ratio of 0% long and -18% short as the highest tolerable aggregate foreign exchange risk ratio exposure. The aggregate foreign exchange risk ratio pattern of the Bank during the year were as stated below:

High	-14.1%
Low	-1.7%
Average	-8.7%

Price sensitvity analysis on equity

A significant portion of the Bank's equity position is unquoted and as such no price sensitivity has been performed. However, for the unquoted equities, a sensitivity of the key valuation inputs was performed in note 4.

5.3 Liquidity risk management

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

Coronation Merchant Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

- Funding and Liquidity plan;
- Gap Analysis; and
- Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a percentage of total assets, comparing it to set limits.

Limit management and monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis. The CRR administration by the Central Bank of Nigeria has improved and is now more predictable. Based on current regulation, the Bank is expected to maintain a Cash Reserve Ratio 16%. As at December 2024 CRR as a percentage of total deposit was 12%, CRR as a percentage local deposit closed at 18%.

Contingency funding plan

Coronation Merchant Bank has contingency funding plan which incorporate early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, Treasury prepares a liquidity worksheet twice a month that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur.

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.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and balances with banks and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (the Central Bank of Nigeria).

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

	Dec 2024	Dec 2023
At end of year	53.73%	64.37%
Average for the year	51.63%	58.18%
Maximum for the year	68.91%	96.47%
Minimum for the year	42.08%	40.74%

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

Liquidity risk management

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

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

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.

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

5.3.1 Residual contractual maturities of financial assets and liabilities

31 Dec-24 In thousands of Naira	Carry amount	Gross nominal inflow/(outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181-365 days	Over 1 year but less than 5yrs	Over 5 years
Cash and balances with banks	172,752,323	172,752,323	172,752,323	–	–	–	–	–
Due from financial institutions	72,045,898	75,537,982	5,812,633		12,426,508	31,538,885	25,759,956	
Non pledged trading assets								
- Treasury bills	8,287,446	8,320,789	15,885	5,032,574	1,201,519	2,070,811	–	–
- Bonds	526,293	984,852		56,501	15,058	18,848	251,063	643,382
- Unquoted Equities at FVPTL	3,216,169	3,216,169						3,216,169
Derivative financial assets	10,454,245	22,943,772					22,943,772	
Loans and advances to customers	136,566,029	139,113,409	14,412,556	65,824,440	3,801,292	15,484,835	33,151,895	6,438,391
Pledged assets								
- Promissory notes	1,000,000	1,000,000	–			500,000	500,000	–
- Treasury bills	600,000	600,000	–	600,000	-	-	-	–
- Bonds	5,540,000	5,540,000	–	–	-	–	940,000	
Investment securities								4,600,000
Fair value through other comprehensive income								
- Treasury bill	40,603,378	46,014,198	–	8,530,067	10,984,546	26,499,585	–	
- Corporate eurobond	5,301,365	5,975,272	–	–	167,092	169,862	5,638,318	–
- FGN eurobond	36,717	44,373	–	–	1,266	1,287	41,821	–
- Bonds	3,623,459	4,976,092	–	–	74,148	74,734	1,210,701	3,616,510
- Unquoted equities	441,631	441,631		–	-	–	–	441,631
Amortised cost						-	–	
– Treasury bill	1,254,951	1,486,296	–	1,486,296	–		–	–
– Bonds	24,428,588	72,677,306	–	–	1,593,943	1,634,657	15,547,600	53,901,105
– Promissory note	6,730,349	7,125,588	–	–	–	4,202,186	2,923,402	-
– State Bonds	1,790,646	1,790,646	–	–	–	142,204	825,952	822,491
– Commercial papers	582,763	582,763	–	582,763	–	–	-	–
– Corporate bonds	7,851,515	9,634,039	–	3,349,096	278,307	374,335	4,565,602	1,066,699
Other assets	41,567,176	41,567,176	15,476,705				26,090,471	
	545,200,942	**622,324,678**	**208,470,102**	**85,461,739**	**30,543,678**	**82,712,227**	**140,390,554**	**74,746,378**
Deposits from financial institutions	73,939,637	73,958,913	13,970,320		59,988,593	15,588,105	–	-
Due to customers	187,414,870	198,147,635	81,610,074	94,312,421	6,637,036		–	–
Trading liabilities								
– Non pledged trading liabilities	–	–	-	–	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–	–	–
Surbodinated liabilities	25,069,104	25,069,104	-	–	–	25,069,104	–	–
Other liabilities	223,732,340	219,536,367	190,453,648	–	–	29,082,719	–	–
	510,155,951	516,712,019	286,034,042	94,312,421	66,625,628	69,739,928	–	–
Gap (asset - liabilities)	35,044,991	105,612,659	(77,563,940)	(8,850,682)	(36,081,950)	12,972,300	140,390,554	74,746,378

The 0 - 30 days, 31 - 90 days and 91 - 180 days bucket have negative gaps during the review period. This is actively monitored and still within the Bank's acceptable gap limit. In addition, the Bank has sufficient high quality liquid asset (HQLA) in the other buckets which can be converted into cash at little or no cost to meet unexpected funding need as it arise. On a cummulative basis, the Bank closed with a positive gap in 2024.

31 Dec-23 In thousands of Naira	Carry amount	Gross nominal inflow/(outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181-365 days	Over 1 year but less than 5yrs	Over 5 years
In thousands of Naira								
Cash and balances with banks	104,014,572	104,014,572	104,014,572	–	–	–	–	–
Due from financial institutions	36,675,560	36,675,560	5,066,627	7,652,756	1,035,734	22,920,443	–	–
Non pledged trading assets								
- Treasury bills	1,759,556	1,759,556	3,687	316,856	1,578,331	(139,318)	–	–
- Bonds	4,162,567	4,162,567	–	(221,181)	–	(1,314,934)	(4,457,431)	10,156,114
Derivative financial assets	11,584,604	11,584,604	3,126,809	112,528	8,345,267	–	–	–
Loans and advances to customers	166,230,881	166,230,882	6,321,561	1,571,117	17,215,942	14,118	36,979,811	104,128,333
Pledged assets								
– Special bills	399,210	399,210	399,210	–	–	–	–	–
- Treasury bills	199,741	199,741	199,741	–	–	–	–	–
- Bonds	6,298,298	7,240,303	–	–	–	–	3,231,553	4,008,750
Investment securities								
Fair value through other comprehensive income								
– Special bills	52,275,926	52,275,926	24,090,818	10,781,352	17,403,756	–	–	–
- Treasury bill	5,958,072	5,958,072	63,518	260,054	4,274,053	1,360,447	–	–
- Bonds	4,720,339	24,098,093	–	683,843	–	–	19,377,754	4,036,496
Amortised cost								
– Bonds	36,554,437	17,176,683	8,037,175	–	–	(7,936,689)	–	17,076,197
Other assets	74,873,614	74,873,614	45,632,162	–	–	–	–	29,241,452
	505,707,377	506,649,384	196,955,880	21,157,325	49,853,083	14,904,067	55,131,687	168,647,342
Deposits from financial institutions	181,654,159	181,654,159	67,241,318	59,256,593	46,639,438	8,516,810	–	–
Due to customers	181,694,003	181,694,003	69,960,946	97,137,660	5,502,264	9,093,132	–	–
Trading liabilities								
– Non pledged trading liabilities	5,051,834	5,051,834	3,691	866,868	57,280	678,659	1,874,170	1,571,165
Derivative financial liabilities	1,285,368	1,285,368	1,251,502	33,866	–	–	–	–
Surbodinated liabilities	24,991,944	28,125,000	–	–	–	24,991,944	–	–
Other liabilities	89,208,499	89,208,499	89,208,499	–	–	–	–	–
Gap (asset - liabilities)	483,885,807	487,018,863	227,665,957	157,294,987	52,198,982	43,280,545	1,874,170	1,571,165
	21,821,570	19,630,521	(30,710,077)	(136,137,662)	(2,345,899)	(28,376,478)	53,257,517	167,076,177

5.3.2 Financial instruments below and above 1 year's maturity

Bank	December 2024			December 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	172,752,323	–	172,752,323	104,014,572	–	104,014,572
Due from financial institutions	46,285,942	25,759,956	72,045,898	36,675,560	–	36,675,560
Non pledged trading assets						
- Treasury bills	8,320,789	–	8,320,789	1,759,556	–	1,759,556
- Bonds	90,408	894,445	984,852	(1,536,116)	5,698,683	4,162,567
- Unquoted equities		3,216,169	3,216,169			
Derivative financial assets	-	10,454,245	10,454,245	11,584,604	–	11,584,604
Loans and advances to customers	99,523,122	39,590,286	139,113,409	25,122,737	141,108,144	166,230,881
Pledged assets						
- Treasury bills	600,000	–	600,000	399,210	–	399,210
– Special bills	500,000	500,000	1,000,000	199,741	–	199,741
- Bonds	–	5,540,000	5,540,000	–	7,240,303	7,240,303
Investment securities						
Fair value through other comprehensive income						
– Corporate eurobond	–	5,301,365	5,301,365	52,275,926	–	52,275,926
– FGN eurobond	–	36,717	36,717	–	–	–
– Treasury bills	40,603,378	–	40,603,378	5,958,072	–	5,958,072
– Bonds	–	3,623,459	3,623,459	683,843	4,036,496	4,720,339
– Unquoted equities	–	441,631	441,631			
Amortised cost						
- Treasury bills	1,254,951	–	1,254,951	–	–	–
- Bonds	27,149	24,401,439	24,428,588	100,486	36,453,951	36,554,437
- Promissory note	4,049,343	2,681,006	6,730,349			
- State Bonds	142,204	1,648,443	1,790,647			
- Commercial papers	582,763	–	582,763			
- Corporate bonds	3,215,330	4,636,185	7,851,515			
Other assets	15,476,705	25,223,044	40,699,749	45,632,162	29,241,452	74,873,614
	393,424,406	153,948,390	547,372,797	282,870,352	223,779,029	506,649,382
Deposits to financial institutions	73,939,637	–	73,939,637	181,654,159	–	181,654,159
Due to customers	198,147,635	–	198,147,635	181,694,003	–	181,694,003
Non pledged trading liabilities						
- Treasury bills	–	–	–	1,606,498	3,445,335	5,051,833
- Bonds	–	–	–	–	–	–
Derivative financial liabilities	–	–	–	1,285,368	–	1,285,368
Commercial paper liabilities	–	–	–	-	–	-
Surbodinated liabilities	25,069,104	–	25,069,104	24,991,944	–	24,991,944
Other borrowings	-	–	-	-	–	-
Other liabilities	219,536,367	–	219,536,367	89,208,499	–	89,208,499
	516,692,743	–	516,692,743	480,440,471	3,445,335	483,885,807
Gap (asset - liabilities)	(123,268,337)	153,948,390	30,680,053	(197,570,119)	220,333,694	22,763,575

6 Capital management

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

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

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% (for Merchant Banks) is to be maintained for Merchant Banks. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:
- Tier 1 capital: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as fair value through other comprehensive income and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries. This also includes subbordinated debt securities (where available).

	December 2024	December 2023
In thousands of Naira		
Tier 1 capital		
Ordinary share capital	7,714,021	7,468,925
Share premium	10,449,868	9,827,323
Retained earnings	19,053,916	8,629,774
Other reserves	15,155,611	13,316,056
	52,373,416	**39,242,078**
Less:		
Deferred tax assets	(5,413,193)	(3,810,358)
Regulatory risk reserve	(4,252,917)	(4,252,917)
Intangible assets	(1,507,486)	(1,347,587)
Adjusted Tier 1	**41,199,820**	**29,831,216**
Tier 2 capital	(6,524,441)	(1,908,371)
Fair value reserve	–	4,998,389
Other reserves (Subordinated debt)		
	(6,524,441)	**3,090,018**
Total Tier 2	**(6,524,441)**	**3,090,018**
Eligible tier 2	**34,675,379**	**32,921,234**
Total regulatory capital		
Risk-weighted assets	**265,951,393**	**260,785,064**
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	13.04%	12.62%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.49%	11.44%

6b. Basel III Implementation

1.0 Introduction:
The CBN established the guidelines for Basel III implementation in 2020. However, this was halted due to the pandemic outbreak. Following the global economic recovery, the apex bank mandated implementation of the underlisted Basel III guidelines from November 2021.

- Guidelines Regulatory Capital
- Guidelines on Leverage Ratio
- Guidelines on Liquidity Coverage Ratio
- Guidelines on Liquidity Monitoring Tools
- Guidelines on Large exposures
- Guidelines on Liquidity risk management and ILAAP.
- Revised Guidelines on the Supervisory Review Process of ICAAP

Banks are expected to commence a parallel run concurrently alongside the exisiting Basel II guidelines.

2. 0 Implementation Progress

The Bank commenced the process by setting up a committee of staff drawn from all relevant departments, charged with the ultimate responsibility of ensuring seamless implementation and transitioning to the Basel III reporting standard within the Bank. This was followed by an indepth gap analysis of current status vis-a-vis the new requirements, to ascertain the Bank's compliance level. So far the following milestones have been achieved:

- Prompt preparation and rendition of Basel III reports within the stipulated timeline
- Full compliance with all Basel III ratios and requirements, with no breaches recorded
- Bankwide awareness training for staff across all relevant departments
- Basel III awareness training for the Bank's Board of Directors
- Policy review, gap assessment and remediation of gaps identified in affected existing policies
- Development and approval (by the Board of Directors) of all required Basel III-related policies
- Commencement of automation of the Basel III process and calculators

3.0 Coronation Merchant Bank's Compliance With Basel III Ratios

There was full compliance in all the regulatory ratios as at 31st December 2024 as shown in the table below:

S/N	Guideline		Regulatory Threshold
1	Regulatory Capital:		
a	CET 1 Capital Ratio	15.49%	>=7%
b	Tier 1 Capital Ratio	14.88%	>=7.5%
c	Capital Adequacy Ratio	13.04%	>=10%
3	Liquidity Coverage Ratio (LCR)	243%	>=100%
4	Large Exposures	2.39x	8 x SHF (Shareholders' Funds)

4.0 Regulatory Capital Structure

The Bank's capital is broadly divided Tier 1 Capital and Tier 2 Capital.

1. Tier 1 Capital (Core Capital)

This includes Common Equity Tier 1 capital (CET1) and Additional Tier 1 (AT1) capital. Common Equity Tier 1 comprises an entity's core capital and includes common shares, stock surpluses resulting from the issue of common shares, retained earnings, common shares issued by subsidiaries and held by third parties.

Additional Tier 1 capital is defined as instruments that are not common equity but are eligible for inclusion in this tier. An example of AT1 capital is a contingent convertible or hybrid security, which has a perpetual term and can be converted into equity. This is however subject to acceptability of the regulator (eg CBN)

Common equity absorbs losses immediately when they occur while Additional Tier 1 capital (AT1) provides loss absorption on a going-concern basis.

2. Tier 2 Capital is a bank's supplementary capital.

This includes fair value reserves, revaluation reserves, hybrid capital instruments, subordinated term debt—also known as junior debt securities—and general loan-loss, or uncollected, reserves.The bank does not hold any Hybrid capital instrument.

Table: Capital Structure and Capital Ratios

Capital Measure	31st December 2024	31st December 2023
Tier 1 Capital		
Paid-up Common Equity Share	7,714,021	7,468,925
Share Premium IRO Common Equity Share	10,449,868	9,827,323
General Reserves (Retained Profit)	19,053,916	8,629,774
Statutory Reserves	10,902,694	9,063,139
Total Before Deduction	**48,120,499**	**34,989,161**
Intangible assets	1,507,486	1,347,587
Deferred tax assets	5,413,193	3,810,358
CET1 After Regulatory Deduction	**41,199,820**	**29,831,216**
Additional Tier 1 Capital	-	-
Tier 2 Capital		
Subordinated term debt with remaining maturity of:	-	4,998,389
d. Over three years through four years		(1,908,371)
Other Comprehensive Income	**(6,524,441)**	**3,090,018**
Total Tier 2 Capital	**(6,524,441)**	**3,090,018**

Tier 2 Capital recognized for capital adequacy	(6,524,441)	3,090,018
Total Eligible Capital, i.e., (CET1 +AT1+T2)	34,675,379	32,921,234
Total Risk Weighted Assets (TRWAs)	265,951,393	260,785,064
Capital Ratios :		
CET 1 to RWAs	15.49%	11.44%
Tier 1 Capital to RWAs	15.49%	11.44%
Total Eligible Capital to TRWAs	13.04%	12.62%

Amount in thousands of Naira (N'000) unless otherwise stated

7 Interest income calculated using the effective interest method

	December 2024	December 2023
7a Financial assets at amortised cost		
Cash and balances with banks	22,628,356	1,317,956
Loans and advances to customers	36,725,026	33,615,716
Investment securities - Financial assets at amortised cost	3,850,082	2,034,368
	63,203,464	36,968,040
7b Investment securities - Financial assets at FVTOCI	6,914,278	3,429,383
	6,914,278	3,429,383
	70,117,742	**40,397,423**

There are no stage 3 financial assets for which interest income was earned during the year ended 31 December 2024 (31 December 2023: Nil).

8 Interest expense

	December 2024	December 2023
Deposit from financial institutions	35,639,191	32,162,493
Deposit from customers	26,060,071	12,416,183
Other borrowed funds	2,027,891	2,629,531
	63,727,153	**47,208,207**

	December 2024	December 2023
Allowance for impairment on loans and advances to corporate entities and other organisations [note 25]	38,343	1,464
Allowance/(write-back) for impairment on off balance sheet items [note 34(ii)]	166,278	(41,922)
Allowance for impairment on investment securities at amortized cost [see 23b(I)]	(63,677)	75,969
Allowance for impairment on other investment securities at FVOCI [see note 17b]	202,887	103,646
Allowance of impairment on placements [note 20 (I)]	26,625	6,148
Allowance for impairment on Cash [note 19 (I)]	965	12,658
Allowance for impairment on financial assets in other assets [note 26]	769,048	1,510,437
Write off on financial assets in other assets	501,054	–
	1,641,522	1,668,400

10 Fee and commission income

	December 2024	December 2023
Credit related fees and commissions	866,295	201,395
Account maintenance fees	123,628	102,400
Commission on bills and letters of credit	2,661,121	1,486,635
Treasury income	85,755	45,153
Investment banking fees	1,605,234	2,409,044
Commission on other financial services	1,003,017	7,418,932
Fee & commission expense	(834,470)	–
	5,510,580	11,663,559

– Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

– Treasury income is fee income from fixed income trade settlements.

(i) Contract balances

The following table provides information about contract balances	December 2024	December 2023
Receivables, which are included in 'other assets'	388,819	847,381

The contract balances primarily relate to fees receivable from the bank's customers on investment banking transactions. The amount of revenue recognised for the year ended 31 December 2024 was ₦1.25 billion (31 December 2023: ₦2.41 billion).

(ii) Performance obligation and revenue recognition policy

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

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

Amount in thousands of Naira (N'000) unless otherwise stated

For the accounting policy for fees and commissions in the scope of IFRS 15, see note 3.4(b).

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Corporate banking service	The Bank provides banking services to corporate customers, including account management, provision of overdraft facilities,foreign currency transactions, credit card and servicing fees.Fees for ongoing account management are charged to the customer's account on a monthly basis. The rates for the different class ofaccounts are set on an annual basis. Fees on loan commitment not expected to result in the draw-down of a loan are recognised on a straight-line basis over the commitment year. Transaction-based fees for foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place
Investment banking service	The Bank's investment banking group provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Fees for ongoing services are recognised based on agreed milestones detailed in the contract agreement. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers on 31 December are recognised as trade receivables. Revenue related to transactions is recognised at the point in time when the transaction takes place.

11 Net income from other financial instruments at FVTPL

(a) Net income from financial instruments mandatorily measured at FVTPL other than those included in 'net trading income'

	Dec 2024	Dec 2023
Derivative gain	3,218	10,204,634
	3,218	**10,204,634**

b Net income from financial instruments designated as at FVTPL

	Dec 2024	Dec 2023
Equity	(708,376)	796,763
Treasury bills	(64,053)	208,644
Bonds	356,232	(376,048)
	(416,197)	629,359
Total	(412,979)	10,833,993

Amount in thousands of Naira (N'000) unless otherwise stated

12 Net Trading (Loss)/Income

	Dec 2024	Dec 2023
Treasury bills	365,108	366,272
Bonds	7,046,529	(5,757,163)
Special bills	(29,396)	(789,014)
Net foreign exchange trading income	7,317,730	709,527
Unrealised foreign exchange gain on revaluation	5,483,265	3,351,619
	20,183,236	**(2,118,759)**

13 Other operating income

	Dec 2024	Dec 2023
Dividends on equity securities	1,161,648	476,946
Bad debt recovered	–	9,656
Other income (i)	554,330	316,723
	1,715,978	**803,325**

(i) Other income is majorly made up of penal income, tax credit and rental income

14 Personnel expenses

	Dec 2024	Dec 2023
Salaries and wages	3,299,803	2,180,117'
Defined contribution plan	140,100	109,307
	3,439,903	**2,289,424**

15 Other operating expenses

	Dec 2024	Dec 2023
Depreciation (see note (i) below and note 27 & 29)	720,053	613,295
Amortisation (see note 28)	488,355	504,292
Professional fees and legal expenses	1,080,126	131,809
Staff training	110,885	16,826
Insurance	149,039	94,837
Business travel expenses	74,151	149,570
Deposit insurance premium	1,215,367	1,039,707
Auditor's remuneration	79,800	50,255
Administrative expenses (see note (ii) below)	6,456,388	1,832,372
Loss on disposal of property and equipment	1,100	–
Board and AGM expenses	240,527	227,731
Consultancy and outsourcing	1,705,971	1,072,320
Repairs and maintenance (see note (iii) below)	2,009,748	754,209
Advertisements, publications and marketing expenses	21,676	40,386
Donations and sponsorship	96,895	62,656
Event and corporate gifts	322,779	201,315
Periodicals and subscriptions	5,291	62,208
Stationeries, postage, printing and consumables	109,061	82,279
	14,904,347	**6,936,067**

(i) Depreciation comprises depreciation charge on property and equipment amounting to N696.5 million (31 December 2023: N590.0million) and depreciation charge on right-of-use asset amounting to N23.6m (31 December 2023: N22.6m)
(ii) Administrative expense comprises normal day to day administrative expenses. Growth in the expense line reflects organic growth in the bank's activitiesand also the inflationary growth in 2024.
(iii) Repair and maintenance comprises of IT cost and facility cost. Growth in expense was due to increase in foreign exchange rate for IT payment andexpansionary initiatives by the organisation

16 Taxation expense

In thousands of Naira	Dec 2024	Dec 2023
Minimum tax expense		
Minimum tax for the year	417,116	263,768
	417,116	263,768
Income Taxes		
NITDA	136,137	34,774
Capital gains tax	470,972	21,836
Nigerian police fund	681	174
NASENI	34,034	8,694
Windfall profit levy (Note A below)	1,681,831	–
	2,323,655	65,478
Deferred tax expense		
Origination of temporary differences (see note 30)		
Total income tax	(1,602,835)	500,000
	720,819	565,478
Total tax expense		
	1,137,935	**829,246**

Note A: During the year, the Federal Government of Nigeria enacted a new tax legislation to implement a windfall profit levy of 70% on realized profits from all foreign exchange transactions of banks in Nigeria licensed to carry out foreign exchange transactions under the Banks and Other Financial Institutions Act, 2020 and all other relevant Nigerian laws. The windfall profit levy applies to the 2023, 2024 and 2025 financial years. This change resulted in the recognition of the charge for the year ended 31 December 2024 as a change in estimate.

(a) The movement in the current income tax liability is as follows:

	Dec 2024	Dec 2023
Balance at the beginning of the year	427,662	286,435
Withholding tax utilization	(232,437)	(133,914)
Tax paid in cash	(296,501)	(54,105)
Income tax charge	2,740,770	329,246
Balance at the end of the year	**2,639,494**	**427,662**

Current tax liability is to be settled within one year

Amount in thousands of Naira (N'000) unless otherwise stated In thousands of Naira	Rate	Dec 2024 Effect of Reconciling Item
Profit before income tax	–	13,401,632
Income tax using the domestic tax rate	30%	4,020,490
Tax effects of :		
Windfall profit levy	13%	1,681,831
Education tax levy	4%	470,972
Recognition of previously unrecognised temporary differences	-12%	(1,602,835)
Nigerian Police Fund	0%	681
Tax exempt income	-52%	(7,023,412)
Non-deductible expenses	22%	3,002,921
NITDA	1%	136,137
NASENI	0%	34,034
Effective tax rate	**35%**	**720,819**

In thousands of Naira	Rate	Dec 2023 Effect of Reconciling Item
Profit before income tax	-	3,477,443
Income tax using the domestic tax rate	30%	1,043,233
Tax effects of :		
Education tax levy		
Current year tax losses for which no deferred tax was recognised	1%	21,836
Recognition of previously unrecognised temporary differences	0%	1,590
Nigerian Police Fund	22%	762,157
Tax exempt income	0%	174
Non-deductible expenses	-167%	(5,800,422)
NITDA	129%	4,493,442
NASENI	1%	34,774
	0%	8,694
Effective tax rate	**47%**	**565,478**

During the year, the Federal Government of Nigeria enacted a new tax legislation to implement a windfall profit levy of 70% on realized profits from all foreign exchange transactions of banks in Nigeria licensed to carry out foreign exchange transactions under the Banks and Other Financial Institutions Act, 2020 and all other relevant Nigerian laws. The windfall profit levy applies to the 2023, 2024 and 2025 financial years. The levy recognised during theyear represents the charge for 2023 and 2024 financial years.

Furthermore, there would be no deferred tax impact arising from the windfall profit levy as based on the assessments reviewed, the definition applied to realised profits is similar to those applied under IFRS Accounting Standards.

In conclusion, there is no uncertain tax treatment applicable to the windfall profit levy as the final settlement amount have been accepted by the banks.

Amount in thousands of Naira (N'000) unless otherwise stated

17 Other comprehensive income (OCI)

	Dec 2024	Dec 2023
(a) Fair value changes on equity investments during the year	–	–
Gain on foreign exchange movement during the year	(4,014,387)	(4,299,350)
Fair value changes on equity during the year	**(4,014,387)**	**(4,299,350)**
(b) Fair value changes on debt investments during the year	Dec 2024	Dec 2023
Marked to market on OCI instruments		
Government bonds	(116,915)	(111,290)
Treasury bills	(938,263)	(60,100)
Special bills	125,611	3,043,424
State bonds	127,987	12,108
Corporate bonds	(2,990)	(1,000,831)
Eurobonds		(602,067)
	(804,571)	**1,281,244**
	Dec 2024	Dec 2023
Impairment on OCI instruments (see note 9)		
Treasury bills	22,548	(1,093)
Special bills	(20,413)	(6,195)
Government bonds	68,943	55,748
State bonds	–	8,697
Corporate bonds	131,143	13,696
Eurobonds	666	32,793
	202,887	**103,646**
	(601,684)	**1,384,890**
Total fair value movement	**(4,616,070)**	**(2,914,460)**

18 Earnings per share

(a) Basic and diluted from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issueduring the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Dec 2024	Dec 2023
Profit/(loss) for the year from continuing operations	12,263,697	2,648,197
Weighted average number of ordinary shares in issue	7,598,170	5,133,489
In kobo per share		
Basic earnings/(loss) per share from continuing operations	161.40	52.00
Total basic earnings/(loss) per share	161.40	52.00

There are no dilutive component in the Bank's capital

There were no diluted shares during the year. The bank has no convertible debt instrument.

19 Cash and balances with banks

In thousands of Naira	Dec 2024	Dec 2023
Balances with banks (see note (I))	105,451,882	92,287,272
Unrestricted balances with central banks	67,314,110	11,740,004
Impairment on cash and cash equivalents	(13,669)	(12,704)
	172,752,323	104,014,572

- Included in balances with banks is an amount of N1.32bn (31 Dec 2023: N1.44bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in trade related liabilities reported in other liabilities (see Note 34). This has been excluded for cash flow purposes.

Movement in impairment on cash and cash equivalents	Dec 2024	Dec 2023
Balance at the beginning of the year	12,704	47
Addition to /(writeback) for the year	965	12,657
Balance at the end of the year	13,669	12,704

20 Due from financial institutions

Financial assets at amortized cost In thousands of Naira	Dec 2024	Dec 2023
Placements	72,086,250	36,689,287
Impairment on placements (see note (I) below)	(40,352)	(13,727)
	72,045,898	36,675,560
Current	37,366,542	36,675,560
Non current	34,679,356	–
	72,045,898	36,675,560

Placements are with other financial insitutions fully secured with acceptable government securities. The current portion has been considered for purpose of cash flows.

(I) Movement in impairment on placements	Dec 2024	Dec 2023
Balance at the beginning of the year	13,727	13,727
Addition to /(writeback) for the year (see note 9)	26,625	–
Balance at the end of the year	40,352	13,727

20.1 Reconciliation of Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flow comprise balances with less than three months' maturity from the date of acquisition, including balances with banks, deposits held at call with central banks and other short-term highly liquid investments with original maturities less than three months.

a. Cash and Bank Balances and Due from financial instituitions	Dec 2024	Dec 2023
Balances with banks (I)	105,451,882	92,287,272
Unrestricted balances with central banks	67,314,110	11,740,004
Due from financial institutions - Placements	72,086,250	36,689,287
Impairment on cash and cash equivalents	(13,669)	(12,704)
Impairment on placements	(40,352)	(13,727)
	244,798,221	140,690,132
b. Non-cash equivalents		
Cash collateral on customer's LCs (I)	1,328,934	16,017,931
	1,328,934	16,017,931
Net balances with banks (a)(i)-(b)(i)	104,122,948	76,269,341
Cash and cash equivalents (a-b)	243,469,287	124,672,201

21 Non pledged trading assets and liabilities measured at Fair value through profit or loss

(a) Non pledged trading assets

In thousands of Naira	Dec 2024	Dec 2023
Treasury bills	8,287,446	1,759,556
Unquoted securities - FVTPL	3,216,169	3,924,545
Corporate Eurobond	–	190,358
Government bonds	526,293	3,972,209
	12,029,908	9,846,668
ECL on financial assets	–	
	12,029,908	9,846,668
Current	8,346,053	1,887,352
Non current	3,683,855	7,959,316
	12,029,908	9,846,668

(b) Non pledged trading liabilities

	Dec 2024	Dec 2023
Treasury bills	–	794,312
Government bonds	–	4,257,522
	–	5,051,834
Current	–	5,051,834
Non current	–	–
	–	5,051,834

22 Derivative financial instruments

In thousands of Naira	Derivative assets Dec 2024		Derivative liailities Dec 2024	
	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
In thousands of Naira				
Foreign exchange forward contracts	–	–	–	–
Foreign exchange swap contracts	28,664,106	10,454,245	–	–
	28,664,106	10,454,245	–	–

	Derivative assets Dec 2023		Derivative liabilities Dec 2023	
	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
In thousands of Naira				
Foreign exchange forward contracts	–	–	–	–
Foreign exchange swap contracts	28,664,106	11,584,604	15,637,117	(1,285,368)
	28,664,106	11,584,604	15,637,117	(1,285,368)

Derivative financial instruments consist of forward and swap contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and 180 days. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

	Derivative assets		Derivative liabilities	
	Dec-24	Dec-23	Dec-24	Dec-23
In thousands of Naira				
Current	10,454,245	11,584,604	–	(1,285,368)
Non current	–	–	–	–
	10,454,245	**11,584,604**	–	**(1,285,368)**

23 Investment securities

(a) At fair value through other comprehensive income

In thousands of Naira	Dec 2024	Dec 2023
Debt securities		
Federal government bonds	3,623,459	1,555,262
Treasury bills	40,603,378	5,958,072
Special bills	–	52,275,926
Eurobonds	5,338,082	3,165,077
	49,564,919	62,954,337
Equity securities (designated)		
Unquoted equity securities at FVTOCI(i)	441,631	425,255
	50,006,550	63,379,592
Specific impairment on unquoted equities [see note (I) below]	–	–
	50,006,550	**63,379,592**

(I) Movement in specific impairment on unquoted equities

In thousands of Naira	Dec 2024	Dec 2023
Balance, beginning of year	–	22,590
Charge for the year (See note 9)	–	–
Write-off	–	(22,590)
Balance, end of year	–	–

(b) At Amortised cost

In thousands of Naira	Dec 2024	Dec 2023
Debt securities		
Treasury bills	1,254,951	-
Federal government bonds	24,428,588	19,426,807
Promissory notes	6,730,349	6,929,281
State government bonds	1,790,646	2,277,741
Commercial Paper	582,763	-
Corporate bonds	7,851,515	8,023,981
Gross Total	42,638,812	36,657,810
Impairment on investment securities at amortized cost	(39,696)	(103,373)
	42,599,116	36,554,437
Total investment securities	**92,605,665**	**99,934,029**
Current	49,835,421	65,194,172
Non current	42,770,244	34,739,857
	92,605,665	**99,934,029**

(I)

In thousands of Naira	Dec 2024	Dec 2023
Balance, beginning of year	103,373	27,404
Charge for the year [see note 9]	(63,677)	75,969
Balance, end of year	39,696	103,373

Amount in thousands of Naira (N'000) unless otherwise stated

24 Pledged assets

	Dec 2024	Dec 2023
Financial instruments at FVTOCI		
Government bonds	1,710,220	–
Special bills	–	399,210
Treasury bills	600,000	199,741
	2,310,220	**598,951**
Financial instruments at amortised cost		
Government bonds	3,829,780	6,298,298
Promissory notes	1,000,000	942,005
	4,829,780	7,240,303
Impairment on pledged assets	–	–
	4,829,780	7,240,303
	7,140,000	**7,839,254**
Current	1,100,000	3,117,501
Non Current	6,040,000	4,721,753
	7,140,000	7,839,254
The related liability for assets pledged as collateral include:		
Deposits from financial institutions [see note (I) below]	27,800,000	181,654,159

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Loans and advances to customers

Financial assets at amortized cost

a Loans and advances to individuals

	Dec 2024	Dec 2023
In thousands of Naira		
Non-retail exposures		
Personal loan	289,254	397,987
Mortgage loan	137,233	368,855
	426,487	766,842
Less: Allowance for impairment losses	(1,153)	(2,122)
	425,334	764,720
Loans to corporate entities and other organizations		
Overdraft	4,695,594	2,703,370
Term Loan	131,601,037	162,879,415
	136,296,631	165,582,785
Less: Allowance for impairment losses	(155,936)	(116,624)
	136,140,695	165,466,161
Total loans and advances to customers	136,723,118	166,349,627
Less: Allowance for impairment losses	(157,089)	(118,746)
Grand Total	**136,566,029**	**166,230,881**
Current	120,629,189	123,580,741
Non current	15,936,840	42,650,140
	136,566,029	**166,230,881**

Amount in thousands of Naira (N'000) unless otherwise stated

b Impairment allowance on loans and advances to customers

	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
In thousands of Naira				
Internal rating grade				
Sub-Investment grade	425,438	1,049	–	426,487
Total	**425,438**	**1,049**	–	**426,487**
	Stage 1	Stage 2	Stage 3	Stage 2
Impairment allowance as at 1 January 2024	2,122	–	–	2,122
- Charge for the year (see note 9)	(969)			(969)
At 31 December 2024	**1,153**	–	–	**1,153**

Loans to corporate entities and other organizations

	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
In thousands of Naira				
Internal rating grade				
Investment	35,707,949	–	–	35,707,949
Sub-Investment grade	95,906,661	4,682,021	–	100,588,682
Total	**131,614,610**	**4,682,021**	–	**136,296,631**
	Stage 1	**Stage 2**	**Stage 3**	Total
Impairment allowance as at 1 January 2024	116,624	–	–	116,624
- Charge for the year (see note 9)	38,891			39,312
At 31 December 2024	**155,936**	–	–	**155,936**

Investment grades are loans with ratings from AAA to A-, and standard grades are loans with ratings from BBB+ to B-

	Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
In thousands of Naira				
Internal rating grade				
Investment	–	–	–	–
Sub-Investment grade	766,842	–	–	766,842
Total	**766,842**	–	–	**766,842**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment allowance as at 1 January 2024	2,122	–	–	2,122
– Charge for the year (see note 9)	–			–
At 31 December 2023	**2,122**	–	–	**2,122**

Loans to corporate entities and other organizations In thousands of Naira	Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	98,175,584	–	–	98,175,584
Sub-Investment grade	67,407,201	–	–	67,407,201
Total	165,582,785	–	–	165,582,785
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	106,801	–	–	116,624
– Write back for the year (see note 9)	9,823			–
At 31 December 2023	116,624	–	–	116,624

26 Other assets

	Dec 2024	Dec 2023
In thousands of Naira		
Financial assets at amortized cost		
Accounts receivable (see note (I))	17,162,562	15,645,013
Contribution to AGSMEIS (See note 26(a))	1,348,655	1,348,655
Restricted deposits with Central Bank (See note 26(b))	24,741,817	59,664,183
	43,253,034	76,657,851
Allowance for impairment on account receivables	(2,553,285)	(1,784,237)
Net financial asset	40,699,749	74,873,614
	Dec 2024	Dec 2023
Non-financial assets		
Prepayments	796,498	931,984
Prepaid employee benefits	70,929	175,162
Net non-financial asset	867,427	1,107,146
Net other assets	41,567,176	75,980,760
Current	15,476,704	14,967,922
Non current	26,090,472	61,012,838
	41,567,176	75,980,760
Movement in allowance for impairment on account receivables	Dec 24	Dec 23
Balance at the beginning of the year	1,784,237	273,798
Charge for the year (see note 9)	769,048	1,510,439
Balance at the end of the year	2,553,285	1,784,237

(I) Included in account receivables is N3.37 billion (2023: N15.08 million) correspondent bank charges on letter of credit transactions on behalf of customer awaiting foreign exchange purchase, the payable amount in respect of this is captured under trade related liabilities (refer to note (34)). N438.82 million (2023: N1.093 billion) receivable from investment banking client in respect of several projects as at 31 December.

(a) The Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) is a voluntary initiative of the Bankers' Committee approved at its 331st meeting held on 9 February 2017. The Scheme requires all banks in Nigeria to set aside 5% of their audited profit after tax (PAT) annually to support the Federal Government's efforts and policy measures for the promotion of agricultural businesses and small and medium enterprises (SMEs) as vehicles for sustainable economic development and employment generation.

The Funds are currently held with the Central Bank of Nigeria pending investments in such agricultural businesses and SMEs. The Bank made no contribution in FY2024 (FY2023: Nil)

(b) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria. These balances are not available for day to day operations of the Bank.

27 Right of use assets

Bank	Building	
	Dec 2024	Dec 2023
In thousands of Naira		
Cost		
Balance at 1 January	336,347	336,347
Additions	–	–
Balance at 31 December	336,347	336,347
Amortization	**Dec 24**	**Dec 24**
Balance at 1 January	107,803	85,540
Amortization for the year	23,600	22,263
Balance at 31 December	**131,402**	**107,803**
Carrying amounts:		
Balance at 31 December	**204,945**	**228,545**

28 Intangible assets

Bank	Purchased Software	Total
In thousands of Naira		
Cost		
December 2024		
Balance at 1 January 2024	3,184,959	3,184,959
Acquisitions	648,444	648,444
Disposal	(492)	(492)
Balance at 31 December 2024	3,832,910	3,832,910
December 2023		
Balance at 1 January 2023	2,922,127	2,922,127
Acquisitions	89,692	89,692
Reclassification from Other Assets	173,140	173,140
Balance at 31 December 2023	3,184,959	3,184,959
Amortization and impairment losses		
Balance at 1 January 2024	1 ,837,372	1 ,837,372
Amortization for the year	488,355	488,355
Disposal	(303)	(303)
Balance at 31 December 2024	**2,325,424**	**2,325,424**
Balance at 1 January 2023	1,333,080	1,333,080
Amortization for the year	504,292	504,292
Balance at 31 December 2023	1,837,372	1,837,372
Carrying amounts:		
Balance at 31 December 2024	**1,507,486**	**1,507,486**
Balance at 31 December 2023	1,347,587	1,347,587

-Amortization method used is straight line.
-There were no contractual commitments for the acquisition of intangible assets (31 December 2023: Nil).
-Intangible assets are non-current assets

29 Property and equipment

In thousands of Naira	Office Equipment	IT Equipment	Furniture and Fittings	Motor Vehicles	Freehold Improvements	Building	Land	Work in Progress	Total
Cost									
Balance at 1 January 2024	364,638	837,012	369,024	1,949,746	775,775	3,995,492	1,209,213	253,900	9,754,800
Additions	47,157	62,578	13,654	83,969	–	–	–	–	207,358
Disposals	(7,815)	(5,890)	–	(277,995)	(84)	–	–	–	(291,784)
Write-offs	(60)	–	(2,595)	–	–	–	–	–	(2,655)
Balance at 31 December 2024	**403,920**	**893,700**	**380,083**	**1,755,720**	**775,691**	**3,995,492**	**1,209,213**	**253,900**	**9,667,720**
Balance at 1 January 2023	328,254	754,412	381,141	1,334,926	775,775	3,995,492	1,209,213	207,702	8,986,915
Additions	36,384	84,926	–	741,708	–	–	–	46,198	909,216
Disposals	–	(2,326)	(12,117)	(126,888)	–	–	–	–	(141,331)
Balance at 31 December 2023	364,638	837,012	369,024	1,949,746	775,775	3,995,492	1,209,213	253,900	9,754,800
Depreciation and impairment losses	**Office Equipment**	**IT Equipment**	**Furniture and Fittings**	**Motor Vehicles**	**Freehold Improvements**	**Building**	**Land**	**Work in Progress**	**Land**
Balance at 1 January 2024	253,276	621,393	259,230	954,570	248,320	447,913	–	–	2,784,702
Charge for the year	55,026	97,421	78,735	305,058	79,543	79,910	–	–	695,693
Disposal	(3,661)	(3,428)		(158,937)	(82)	–	–	–	(166,110)
Write-offs	(1,538)		(2,581)	–			–	–	(4,119)
Balance at 31 December 2024	**303,102**	**715,385**	**335,384**	**1,100,691**	**327,781**	**527,823**	–	–	3,310,166
Balance at 1 January 2023	194,535	514,322	212,820	816,412	171,007	368,003	–		2,277,099
Charge for the year	59,021	108,308	46,295	219,782	77,386	79,910	–	–	590,702
Disposal	–	(1,475)	–	(81,624)	–	–	–	–	(83,099)
Balance at 31 December 2023	253,276	621,393	259,230	954,570	248,320	447,913	–	–	2,784,702
Carrying amounts:									
Balance at 31 December 2024	**100,818**	**178,315**	**44,699**	**655,029**	**447,910**	**3,467,670**	**1,209,213**	**253,900**	**6,357,553**
Balance at 31 December 2023	111,362	215,619	109,794	995,176	527,455	3,547,579	1,209,213	253,900	6,970,098
Balance at 1 January 2023	133,717	240,090	168,321	518,514	604,768	3,627,489	1,209,213	207,700	6,709,812

– There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2023: Nil).
- There was no impairment loss (31 December 2023: Nil) on the office equipment class during the year.
- There were no property and equipment pledged as securities for liabilities (31 December 2023: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2023: Nil).
- Property and equipment are non-current assets

30 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	December 2024			December 2023		
In thousands of Naira	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	15,166	–	15,166	15,166	–	15,166
Allowances for loan losses	103,590	–	103,590	103,590	–	103,590
Unrelieved tax losses	8,629,185	–	8,629,185	6,826,350	–	6,826,350
Derivative transactions	–	3,334,748	(3,334,748)	–	3,134,748	(3,134,748)
Deferred tax assets (net)	8,747,941	3,334,748	5,413,193	6,945,106	3,134,748	3,810,358

	Bank December 2024	Bank December 2023
Deferred tax assets		
– Current	–	–
– Non current	8,747,941	6,945,106
	8,747,941	6,945,106
Deferred tax liabilities		
– Current	–	–
– Non current	3,334,748	3,334,748
	3,334,748	3,134,748

(b) Movement on the net deferred tax assets / (liabilities) account during the year:

In thousands of Naira December 2024 Bank	1 Jan 2024	Recognised in P&L	Recognised OCI	31 Dec 2024
PPE and intangible assets	15,166	(22,337)	–	(7,171)
Allowances for loan losses	103,590	8,691	–	112,281
Unrelieved tax losses	6,826,350	(3,231,869)	–	3,594,481
Exchange loss unrealised	–	1,809,478	–	1,809,478
Derivative transactions	(3,134,748)	3,038,872	–	(95,876)
	3,810,358	1,602,835	–	5,413,193
December 2023 **Bank**	1 Jan 2023	Recognised in P&L	Recognised in P&L	Recognised in P&L
PPE and intangible assets	(81,682)	96,848	–	15,166
Allowances for loan losses	31,858	71,732	–	103,590
Unrelieved tax losses	4,470,697	2,355,653	–	6,826,350
Exchange loss unrealised	–	–	–	–
Derivative transactions	(110,515)	(3,024,233)	–	(3,134,748)
	4,310,358	(500,000)	–	3,810,358

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Bank can use the benefits therefrom.

Bank	December 2024		December 2023	
	Gross amount	Tax effect	Gross amount	Tax effect
PPE and intangible assets	994,540	298,362	3,110,507	933,152
Unrelieved tax losses	14,000,072	4,550,023	30,880,458	10,036,149
	14,994,612	4,848,385	33,990,965	10,969,301

(d) Unrelieved tax losses

Tax losses for which no deferred tax asset was recognised expire as follows:

	December 2024		December 2023	
In thousands of Naira	2024	Expiry date	2023	Expiry date
Never Expire	14,000,072	Nil	30,880,458	Nil

31 Due to financial institutions

In thousands of Naira	December 2024	December 2023
Secured takings	73,939,637	181,654,159
Deposit from financial institutions are all current in nature	**73,939,637**	**181,654,159**

32 Due to customers

In thousands of Naira	December 2024	December 2023
Current deposit	30,329,580	46,132,623
Call deposit	663,084	1,184,861
Customers' investment fund	156,422,206	134,376,519
	187,414,870	**181,694,003**
Due to customers are all current in nature		

33(a) Commercial paper liabilities

In thousands of Naira	December 2024	December 2023
Commercial papers	–	–
	–	–
Commercial paper liabilities are all current in nature		

The movement in commercial papers during the year is as follows:	December 2024	December 2023
Balance b/f	–	8,257,130
Inflow	–	–
Interest expense	–	1,518,639
Interest payment	–	(3,379,765)
Principal payment	–	(6,396,004)
Closing Balance	–	–

33(b) Surbodinated Liabilities

In thousands of Naira	December 2024	December 2023
Subordinated unsecured bond (see note (I))	25,069,104	24,991,944
	25,069,104	**24,991,944**
Current	25,069,104	–
Non current	–	24,991,944
	25,069,104	**24,991,944**

The movement in subordinated liabilities during the year is as follows:

	December 2024	December 2023
Balance at 1 January	24,991,944	24,918,279
Interest expense	139,979	203,621
Interest payment	(62,819)	(129,956)
Balance at 31 December	25,069,104	24,991,944

(i) The unsecured subordinated bond was issued by the Bank on 30 November 2020 in connection with the N100billion Coronation Merchant Bank Funding SPV PLC Bond issuance programme. The amount issued is N25 billion for a duration of 5 years and at a coupon rate of 6.25% per annum, payable semi-annually in arrears and the principal payable at maturity in 2025.

33(c) Other borrowings

In thousands of Naira	December 2024	December 2023
Other borrowings (see note (I) below)	-	-
	-	-
Current	-	-
Non current	-	-
	-	-

The movement in other borrowings during the year is as follows:

In thousands of Naira	December 2024	December 2023
Balance at 1 January	-	8,956,237
Repayments	-	(8,956,237)
Interest expense	-	-
Balance at 31 December	-	-

I) Other borrowings relate to a $20 million working capital loan availed to the Bank by the International Finance Corporation (IFC), effective 22 December 2021. The loan is for an initial duration of 1 year and at an interest rate of the fixed base rate of 0.63% (determined by the IFC) plus a spread of 4.25%, totaling 4.88%, which is payable quarterly in arrears and the principal payable in tranches of $5 million quarterly till maturity in 2023. This borrowing was fully settled in 2023.

34 Other liabilities

In thousands of Naira	December 2024	December 2023
Financial liabilities		
Sundry creditors	978,835	1,453,369
Cash collateral on customer's Lcs	1,328,934	16,017,931
Trade related liabilities[1]	81,761,525	65,445,752
Other financial liabilities [see (i)]	135,268,265	6,258,917
Impairment on contingents [see (ii)]	198,808	(32,530)
	219,536,367	**89,208,499**
(i) Other financial liablilities largely relates to non-customer specific deposits. This relates to proceeds from customers fund raising as at year end .		
Non-financial liabilites	4,195,973	2,815,741
Other current non-financial liabilities	**4,195,973**	**2,815,741**
Total other liabilities	**223,732,340**	**92,024,240**
Current	223,732,340	92,024,240
Non Current	–	–
	223,732,340	**92,024,240**

[1]This represents the Naira value of foreign currencies liabilities due to correspondent banks and customers on letter of credit transactions.

(ii) Movement in impairment on contingents	December 2024	December 2023
In thousands of Naira		
Balance, beginning of year	32,530	74,452
Charge/(write back) for the year (see note 9)	166,278	(41,922)
Balance, end of year	198,808	32,530

35 Capital and reserves

A Share capital

In thousands of Naira	December 2024	December 2023
(a) Issued and fully paid-up :		
Ordinary shares of N1 each	7,468,925	5,101,052
Additions through share issuance	245,096	2,367,873
Balance, end of year	7,714,021	7,468,925

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

B Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

In thousands of Naira	December 2024	December 2023
Balance, beginning of year	9,827,323	3,812,925
Additions through share issuance	622,545	6,014,398
Balance, end of year	10,449,868	9,827,323

C Reserves

i) Statutory reserves

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

ii) Fair value reserve

The fair value reserve comprises the net cumulative change in investment carried at fair value through other comprehensive income until it is derecognised or impaired.

iii) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

iv) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

36 Contingencies

i) Legal proceedings

There were 7 (2023:8) outstanding legal proceedings with claims amounting to N1.8bn (31 December 2023: N2.1bn) against the Bank as at 31 December 2024. The claims are being defended by the Bank and the Directors are of the opinion that judgement will be given in favour of the Bank. The Bank's claim/counterclaim is to the tune of N4.4bn. The Bank has made nil provision for the claims. The Directors believe that, based on currently available information and advice of external and internal legal counsels, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Bank, either individually or in the aggregate.

ii) Contingent liabilities and commitments

The Bank has contingent liabilities and commitments which comprise guarantees and letters of credit. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. The Bank will be required to meet these obligations in the event of the customer's default.

The table below summarizes the fair value amounts of the Bank's contingent liabilities and commitments which are recognized off-balance sheet:

a. These comprise:

In thousands of Naira	December 2024	December 2023
Contingent liabilities:		
Clean Line Letters of Credit	55,314,162	32,671,433
Guaranteed credit facilities	28,377,138	27,927,715
Contingent Bills and Bonds	70,347	-
FX Contingents	56,893,932	-
	140,655,578	60,599,148

37 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 key management personnel.

Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as members of the Executive Management Committee of the Bank, executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Coronation Merchant Limited.

A number of transactions are entered into with related parties in the normal course of business. These include loans and deposits. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

a Related party oustanding balances

The transactions entered into with related parties in the normal course of business include deposits and other product placements, treasury bills and bonds dealings, Repo and reverse repo transactions.

i) Changes in the board of directors

There were changes in the composition of the board of directors during the year

ii) Changes in the shareholding

There were changes in the related party shareholdings in the bank during the year

Other account balances with related parties are stated below

(iii) Customer investment fund and deposits from related parties

	Relationship	December 2024 N'000	December 2023 N'000
Coronation Registrars limited	Shareholder	182	0
Coronation Insurance Plc	Shareholder	26,604	2,724
Coronation Insurance Life	Common ownership	3,231,224	1,091
Coronation Securities Limited	Common ownership	430,494	3,073,199
Coronation Trustees Limited	Common ownership	532,542	353,530
Coronation Asset Management Limited	Common ownership	30,105,253	16,770,601
Coronation Capital Limited	Common ownership	23,313,028	20,900,820
Trium Limited	Common ownership	35	652
Woven Finance Ltd	Common ownership	24,698	92,626
Marina Mars Proprietary Investments Limited	Shareholder	18,300	651,773
UNICO CPFA	Shareholder	294	388
Trustbanc	Shareholder	236,408	17,029
DTD Holding Limited	Shareholder	129,644	132,409
Tigrine Technolgy Ltd	Shareholder	716	716
Coastal Properties Ltd	Shareholder	167	167
Abubakar Jimoh	Former CEO/Chairman	4,441	2,728
Key management personnel	Employee	12,913	17,816
Directors	Directorship	251,990	221,821
		58,318,930	42,240,090

The above balances are customer deposits and investment funds in treasury bills and bonds. They are unsecured by the Bank and carry fixed interest rates and are repayable on demand or as specified in the investment certificate. The bank is licensed as a Portfolio/Funds Manager and Corporate Fixed Investment Adviser by the Security and Exchange Commission (SEC).

(iv) Other related party transactions includes:

	Nature of transaction	Notes	Relationship	31 Dec 2024 N'000	31 Dec 2024 N'000
Coronation Asset Management Limited	Rental income & other charges	13	Common ownership	207,216	100,343
Coronation Asset Management Limited	Other receivables	26	Common ownership	61,890	162,683
Coronation Asset Management Limited	Placement	20	Common ownership	–	1,046,795
Coronation Asset Management Limited	Payable	21	Payable	341,130	–
Coronation Capital Limited	Placement	22	Common ownership	27,675,000	27,675,000
Coronation Capital Limited	Transaction Fee	15	Common ownership	1,006,200	–
Coronation Registrars	Payable	21	Shareholder	–	506,187
Coronation Group	Professional Services	15	Common ownership	1,519,800	274,713
Coronation Group	Payable	21	Common ownership	91,913	–
Coronation Insurance Plc	Payment for insurance premium	15	Shareholder	635	27,878
Coronation Life Assurance ltd	Payment for insurance premium	15	Common ownership	34,277	29,699
Coronation Life Assurance ltd	Payable	21	Payable	2,654	–
Coronation Registrars	Brokerage Fees	12	Shareholder	–	389,281
Coronation Securities	Brokerage Fees	12	Common ownership	–	81,355
Trustbanc	Placement	20	Shareholder	12,426,508	3,694,250
				43,367,224	33,988,184

b Loans to related parties

Balances and transactions with related party as at:
Bank

Relationship	Facility type	Status	31 Dec 2024	31 Dec 2023
Management	Mortgage, Personal and Car loan	Not impaired	109,675	365,664
			109,675	365,664
Interest earned on staff loan			16,522	18,283

The loans issued to key management personnel as disclosed above represent staff loans and payable between tenors ranging from 1 to 15 years depending on the loan type. The significant loan type is the mortgage loans advanced to qualifying staff in employment of the Bank. The mortgage loans are collateralised by the underlying property.

c Key management compensation

	December 2024	December 2023
Salaries and other short-term employee benefits:		
Salaries and wages	522,622	496,248
Other staff benefits	63,649	60,437
	586,271	**556,686**

d Insider related credits

In compliance with Central Bank of Nigeria circular BSD/1/2004 on Insider related credits, the Bank had no insider related credits during the year.

38 Employees

The average number of persons employed by the Bank during the year was as follows:

	31 Dec 2024	31 Dec 2023
Executive directors	1	3
Management	18	17
Non-management	123	116
	142	**136**

Compensation for the above staff (excluding executive directors):

	Bank N'000 31 Dec 2024	Bank N'000 31 Dec 2023
Salaries and wages	1,402,028	1,410,856
Pension cost - defined contribution scheme	117,265	93,749
	1,519,292	**1,504,605**

The number of employees other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Bank Number 31 Dec 2024	Bank Number 31 Dec 2023
N3,500,001 - N5,500,000	46	58
N5,500,001 - N10,500,000	66	40
N10,500,001 - N20,000,000	11	12
Above N20,000,000	19	27
	142	**137**

In accordance with the provisions of the Pensions Act 2014 (ammended), the Bank operates a contributory pension scheme. The contribution by employees and the Company are 8% and 15% respectively of the employees' basic salary, housing and transport allowances.

39 Directors' emoluments and expenses

Remuneration paid to the Directors was:

	31 Dec 2024	31 Dec 2023
Fees and sitting allowances	214,250	227,162
Executive compensation	284,786	224,442
Pension cost - defined contribution scheme	19,388	18,809
	518,424	470,413

Fees and other emoluments disclosed above include amounts paid to:

	31 Dec 2024	31 Dec 2023
Chairman	22,100	21,762
Highest paid director	28,850	27,855

The number of directors who received fees and other emoluments in the following ranges was:

	Number	
	31 Dec 2024	31 Dec 2023
Above N20,000,000	10	10
	10	10

40 Compliance with banking regulation

During the year under review, the sum of N597,250,000.00 was paid for penalty (CBN - N596,250,000; SEC - N1,000,000.00).The sum of N59.25m penalty was as a result of FCTP Limits breach on 22 occassions, AML/CFT compliance with onboarding and monitoring of account and breach of month regulatory return on 2 occassions while N537m penalty was a contravention of AML/CFT/CPF in respect to CBN risk based assessment report.

The N1,000,000 penalty by the Security and Exchange Commission (SEC) relates to the bank for collecting money after the closing period in respect of Coronation Infrastructure Funds Series 1.

The Bank is committed to ensuring consistent compliance with banking regulations.

41 Dividends

No dividend in respect of the year ended 31 Dec 2024 has been proposed (2023: nil) .

42 Events after the reporting date

There were no significant events after the balance sheet date.

43 Non- Audit Services

During the year, the auditors Mssrs KPMG performed the following non -audit services

Service provided	Fee N'm
Certification of Deposit Liabilities to NDIC	5.2
KPMG Ethics Line Subscription	1.6
Assurance on ICFR	10.8
Customer Experience Survey Insights	7.2
Remuneration advisory	2.2
Total fees for non-audit services	26.9

44 Statement of cashflow notes

	Note	Dec 2024	Dec 2023
(I) Proceeds from disposal of property and equipment	29		
Cost of property and equipment disposed during the year		291,784	141,331
Accumulated depreciation on property and equipment disposed		(166,110)	(83,099)
Net book value of property and equipment disposed		125,675	58,231
Loss on disposal of property and equipment	15	(1,100)	-
Proceeds from disposal of property and equipment		124,575	58,231
(ii) Non-pledged trading assets	21		
Balance as at beginning of the year		9,846,668	8,909,633
Balance as at end of year		(12,029,908)	(9,846,668)
		(2,183,240)	(937,035)
Interest receivable	44(xvi)	163,143	247,741
Unrealised fair value gain	11b	(416,197)	629,359
		(2,436,294)	(59,935)
(iii) Investment securities FVTOCI	23(a)		
Balance as at beginning of the year		63,379,592	77,454,925
Balance as at end of year		(50,006,550)	(63,379,592)
		13,373,042	14,075,333
Interest receivable	44(xvi)	424,439	108,639
Unrealised fair value gain or loss	17	(4,616,070)	(2,914,460)
		9,181,411	11,269,512
Explained by:			
Purchase of FVTOCI investment securities		(74,378,837)	(74,378,837)
Sale of FVTPL investment securities		120,775,474	120,753,455
		46,396,637	46,374,618
(iv) Investment securities at amortised cost	23(b)		
Balance as at beginning of the year		36,554,437	72,046,760
Balance as at end of year		(42,599,116)	(36,554,437)
		(6,044,679)	35,492,323
Interest receivable	44(xvi)	859,339	884,325
Changes in ECL allowance	9	(39,696)	(103,373)
		(5,225,036)	36,273,275
Explained by:			
Purchase of FVTOCI investment securities		(45,712,513)	(43,159,506)
Sale of FVTPL investment securities		26,441,151	26,441,151
		(19,271,362)	(16,718,355)
(v) Due from financial institution	20		
Balance as at beginning of the year		-	-
Balance as at end of year		-	-
		-	-
Interest receivable	44(xvi)	95,275	143,848
Changes in ECL allowance	9	(27,589)	(6,148)
		67,686	137,700
(vi) Derivative financial instruments	22		
Assets			
As at January		11,584,604	1,320,540
Balance as at end of year		(10,454,245)	(11,584,604)
		1,130,359	(10,264,064)
Liabilities			
As at January		1,285,368	980,424
Balance as at end of year		-	(1,285,368)
		1,285,368	**(304,944)**
		(155,009)	**(9,959,120)**
(vii) Restricted deposit with CBN	26(b)		
As at January		59,664,183	99,335,092
Balance as at end of year		(24,741,817)	(59,664,183)
		34,922,366	39,670,909

	Note	Dec 2024	Dec 2023
(xvii) Loans and advances to customers	25	166,230,881	186,105,656
As at January		(136,566,029)	(166,230,881)
Balance as at end of year		29,664,852	19,874,775
Interest receivable	44(xvi)	13,512,646	10,997,752
Changes in ECL allowance	9	(38,343)	(1,464)
		43,139,155	30,871,063
	Notes	Dec 2024	Dec 2023
(ix) Pledged assets	24		
Balance as at end of year		(7,140,000)	(7,839,254)
		699,254	13,801,255
(x) Other assets (excluding restricted deposit with CBN)	26		
As at January		16,316,577	8,302,033
Changes in ECL allowance	9	(501,054)	(1,510,437)
Balance as at end of year		(16,825,359)	(16,316,577)
		(1,009,836)	(9,524,981)
(xi) Due to customers	32		
As at January		181,694,003	211,726,915
Balance as at end of year		(187,414,870)	(181,694,003)
		(5,720,867)	30,032,912
Interest payable	44(xvii)	2,501,035	1,600,253
		(3,219,832)	31,633,165
(xii) Non-pledged trading liabilities	21		
As at January		5,051,834	11,074,950
Balance as at end of year		-	(5,051,834)
		(5,051,834)	(6,023,116)
(xiii) Deposits from financial institutions	31		
As at January		181,654,159	105,959,982
Balance as at end of year		(73,939,637)	(181,654,159)
		107,714,522	(75,694,177)
Interest payable	44(xvii)	(422,740)	3,169,268
		107,291,782	(72,524,909)
(xv) Other liabilities	34		
As at January		92,024,240	128,386,776
Changes in ECL allowance on contingents	9	166,278	(41,922)
Customer liability for Lcs		15,786,119	1,440,129
Interest payable	44(xvii)	166,173	4,078,850
Balance as at end of year		(223,732,340)	(92,024,240)
		115,589,530	(41,839,594)
(xvi) Interest received			
Interest income	7	70,117,742	40,397,423
Interest receivable on loans - prior year	44(viii)	10,997,752	9,219,210
Interest receivable on non-pledged trading assests - prior year	44(ii)	247,741	49,413
Interest receivable on FVTOCI investment securities - prior year	44(iii)	108,639	195,744
Interest receivable on amortised cost investment securities - prior year	44(iv)	884,325	1,591,129
Interest receivable on placements - prior year	44(v)	143,848	64,058
Interest receivable on loans	44(viii)	(13,512,646)	(10,997,752)
Interest receivable on non-pledged trading assests	44(ii)	(163,143)	(247,741)
Interest receivable on FVTOCI investment securities	44(iii)	(424,439)	(108,639)
Interest receivable on amortised cost investment securities	44(iv)	(859,339)	(884,325)
Interest receivable on placements	44(v)	(95,275)	(143,848)
		67,445,206	39,134,672

(xvii) Interest paid			
Interest expense	8	63,727,153	47,208,207
Interest payable on due to customers - prior year	44(xi)	1,600,253	1,570,642
Interest payable on deposits from financial institutions - prior year	44(xiii)	3,169,268	618,084
Interest payable on subordinated liabilities - prior year	33(b)	73,665	58,180
Interest payable on commercial papers - prior year	33(a)	(1,861,126)	1,213,101
Interest payable on other liabilities - prior year	44(xv)	4,078,850	3,361,874
Interest payable on due to customers	44(xi)	(2,501,035)	(1,600,253)
Interest payable on deposits from financial institutions	44(xiii)	422,740	(3,169,268)
Interest payable on subordinated liabilities	33(b)	(77,160)	(73,665)
Interest payable on commercial papers	33(a)	-	1,861,126
Interest payable on other borrowings	33©	-	-
Interest payable on other liabilities	44(xv)	(166,173)	(4,078,850)
		68,466,435	46,969,179
(xviii) Exchange gains or losses			
Exchange gain on cash and cash equivalents		2,187,028	1,618,291
Other exchange (gain)		(7,670,293)	(4,969,910)
Total foreign exchange (gain)	12	(5,483,265)	(3,351,619)

OTHER NATIONAL **DISCLOSURES**

VALUE ADDED STATEMENT

Bank	31 Dec 2024 N'000	%	31 Dec 2023 N'000	%
Gross income	97,114,557		61,579,541	
Interest paid	(63,727,153)		(47,208,207)	
	33,387,404		14,371,334	
Impairments	(1,641,522)		(1,668,400)	
Administrative expenses (local and foreign)	(13,695,939)		(5,818,480)	
	18,049,943	100	6,884,454	100
Value added				
Value added distribution				
To government				
- Taxation	1,137,935	6%	829,246	12%
To employees				
- Salaries and other benefits	3,439,903	19%	2,289,424	33%
The future:				
- Depreciation and amortisation of property and equipment, ROU assets and intangibles	1,208,408	7%	1,117,587	16%
- Augment of reserves	12,263,697	68%	2,648,197	38%
	18,049,943	100%	6,884,454	100%

FIVE YEAR FINANCIAL SUMMARY
STATEMENT OF FINANCIAL POSITION

As at

	31 Dec 2024 N'000	31 Dec 2023 N'000	31 Dec 2022 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Assets					
Cash and balances with banks	172,752,323	104,014,572	38,385,132	13,003,129	12,773,734
Due from financial institutions	72,045,898	36,675,560	6,255,393	11,588,361	35,806,050
Non pledged trading assets	12,029,908	9,846,668	8,909,633	16,579,573	10,343,935
Derivative financial assets	10,454,245	11,584,604	1,320,540	3,381,961	5,500,493
Investment securities					
– At Amortised cost	42,599,115	36,554,437	72,046,760	2,986,391	11,590,141
– At fair value through other comprehensive income	50,006,550	63,379,592	77,454,925	61,059,937	96,629,160
Pledged assets	7,140,000	7,839,254	21,640,509	69,892,088	16,104,307
Loans and advances to customers	136,566,029	166,230,881	186,105,656	151,223,003	122,682,497
Other assets	41,567,176	75,980,760	107,637,125	131,520,125	87,952,775
Right of use assets	204,945	228,545	250,808	35,948	53,994
Intangible assets	1,507,486	1,347,587	1,589,047	1,417,354	1,116,582
Property and equipment	6,357,553	6,970,098	6,709,812	6,788,859	6,586,596
Deferred tax asset	5,413,193	3,810,358	4,310,358	4,489,196	5,050,346
Total assets	**558,644,421**	**524,462,917**	**532,615,698**	**473,965,925**	**412,190,610**
Liabilities					
Due to financial institutions	73,939,637	181,654,159	105,959,982	44,795,696	52,319,291
Due to customers	187,414,870	181,694,003	211,726,915	177,359,031	195,161,465
Non pledged trading liabilities	-	5,051,834	11,074,950	27,828	4,643
Derivative financial liabilities	-	1,285,368	980,424	3,332,522	5,429,271
Commercial paper liabilities	-	-	8,257,130	55,355,146	8,887,242
Surbodinated liabilities	25,069,104	24,991,944	24,918,279	24,860,099	24,806,884
Other borrowings	-	-	9,037,329	8,405,291	
Current tax liabilities	2,639,494	427,662	286,434	246,453	166,568
Other liabilities	223,732,341	92,024,240	128,386,776	119,782,644	85,303,814
Deferred tax liabilities	-	-	-	-	-
Total liabilities	**512,795,446**	**487,129,210**	**500,628,219**	**434,164,710**	**372,079,178**
Equity					
Share capital	7,714,021	7,468,925	5,101,052	5,050,546	5,050,546
Share premium	10,449,868	9,827,323	3,812,925	3,655,348	3,655,348
Statutory reserve	10,902,694	9,063,139	8,665,909	8,665,908	8,364,841
Fair value reserve	(6,524,441)	(1,908,371)	3,775,869	2,400,379	3,051,029
Credit risk reserve	4,252,917	4,252,917	4,252,917	3,549,085	3,577,093
Retained earnings	19,053,916	8,629,774	6,378,807	16,479,949	16,412,575
Treasury stock					
Total equity	**45,848,975**	**37,333,707**	**31,987,479**	**39,801,215**	**40,111,432**
Total equity and liabilities	**558,644,421**	**524,462,917**	**532,615,698**	**473,965,925**	**412,190,610**

STATEMENT OF COMPREHENSIVE INCOME	31 Dec 2024 N'000	31 Dec 2023 N'000	31 Dec 2022 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Gross Earnings	97,114,557	61,579,541	37,921,827	43,950,813	27,357,526
Interest and similar income	70,117,742	40,397,423	33,531,351	34,107,042	19,950,522
Interest and similar expense	(63,727,153)	(47,208,207)	(37,963,641)	(33,107,688)	(15,269,476)
Net interest income	6,390,589	(6,810,784)	(4,432,290)	999,354	4,681,046
Impairment (charge) / write back for credit losses	(1,641,522)	(1,668,400)	164,369	(503,923)	(228,240)
Net interest income after impairment charge for on financial assets	**4,749,067**	**(8,479,184)**	**(4,267,921)**	**495,431**	**4,452,806**
Fee and commission income	5,510,580	11,663,559	2,588,953	1,982,983	1,884,587
Net gains on investment securities	(412,979)	10,833,993	1,056,225	1,813,122	4,748,985
Net foreign exchange income	20,183,236	(2,118,759)	234,785	5,643,437	386,249
Other operating income	1,715,978	803,325	510,513	404,229	387,183
Operating expenses	(18,344,250)	(9,225,491)	(8,404,470)	(7,543,204)	(6,075,388)
Profit/(loss) before minimum tax	13,401,632	3,477,443	(8,281,915)	2,795,998	5,784,422
Minimum tax	(417,116)	(263,768)	(190,491)	(99,999)	(67,692)
Profit before income tax	12,984,516	3,213,675	(8,472,406)	2,695,999	5,716,730
Income tax expense	(720,819)	(565,478)	(318,837)	(688,887)	(676,066)
Profit/(loss) for the year	**12,263,697**	**2,648,197**	**(8,791,243)**	**2,007,112**	**5,040,664**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net fair value (losses)/gains on FVTOCI financial instruments					
– Fair value changes during the year	(4,616,070)	(5,684,240)	1,375,490	(650,650)	(5,684,240)
Other comprehensive (loss)/income for the year (net of tax)	(4,616,070)	(5,684,240)	1,375,490	(650,650)	(5,684,240)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**7,647,627**	**(3,036,043)**	**(7,415,753)**	**1,356,462**	**(643,576)**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of members of Coronation Merchant Bank Limited ("the Bank" or "the Company") will hold on Tuesday, May 27, 2025, at Coronation House, 10, Amodu Ojikutu Street, Victoria Island, Lagos at 11.00a.m, to consider, and if thought fit, to pass the following resolutions:

A. ORDINARY BUSINESS

As Ordinary Resolutions:

1. To receive the Audited Financial Statements for the year ended December 31, 2024, and the Reports of the Directors, Auditors, and Audit Committee thereon.

2. To re-elect **Mr. Idaere Gogo Ogan** as a Non-Executive Director.

3. To re-elect **Ms. Olubunmi Fayokun** as an Independent Non-Executive Director.

4. To re-elect **Mr. Adamu Atta** as a Non-Executive Director.

5. To elect **Mrs. Adetola Owolabi,** who was appointed as an Independent Non-Executive Director by the Board of Directors since the last Annual General Meeting.

6. To re-appoint KPMG Professional Services Limited ("KPMG Professional Services") as the Auditors to the Company from the end of the Annual General Meeting until the end of the next year's Annual General Meeting.

7. To authorize the Board of Directors to fix the remuneration of the Auditors.

8. To disclose the remuneration of the Bank's managers.

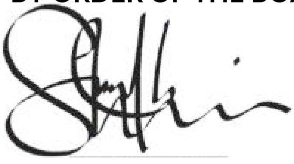
B. SPECIAL BUSINESS

As Ordinary Resolutions:

9. That the Directors' fees for the financial year ending December 31, 2025, be and are hereby fixed at ₦38,730,000.00 (Thirty-Eight Million, Seven Hundred and Thirty Thousand Naira) for the Chairman and ₦34,720,000.00 (Thirty-Four Million, Seven Hundred and Twenty Thousand Naira) for each of the Non-Executive Directors. That the sitting allowance for Directors be and is hereby fixed at ₦620,000.00 (Six Hundred and Twenty Thousand Naira) per sitting for the Chairman and ₦543,750.00 (Five Hundred and Forty-Three Thousand Seven Hundred and Fifty Naira) per sitting for the other Non-Executive Directors.
10. To consider the Board Performance Appraisal Report for the year ended December 31, 2024.

DATED THIS 5th DAY OF MAY 2025

BY ORDER OF THE BOARD



STANLEY UBANI
COMPANY SECRETARY
FRC/2021/002/00000025010

NOTES

1. **Proxy**
A member entitled to attend and vote at the Annual General Meeting ("AGM" or "the Meeting") is entitled to appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a member. A Proxy Form is attached to the Notice and is valid for the Meeting.

2. **Physical Meeting**
With the complete restoration of human movement and association following the lifting of all COVID-19 restrictions, attendance at this year's AGM will be in person. However, an electronic link shall be made available for those who elect to attend the Meeting virtually.

3. **Proceedings**
The meeting will be presided over by the Chairman of the Board of Directors ("the Board") and the members of the Board who will be attending the Meeting either physically or virtually using the Bank's teleconferencing facilities. Additionally, the Board has resolved to deploy technology to enable Shareholders of the Company to attend and participate remotely in the meeting proceedings.

Each Shareholder will be able to participate in the proceedings through a link accessible via the internet. The Board of Directors hereby encourages Shareholders, who may not be able to attend the Meeting physically, to explore these virtual (electronic) means of attending the Meeting.

Shareholders are requested to submit their completed Proxy Forms, appointing any of the listed proxies, to the office of the Company Secretary at 1st Floor, Coronation House, 10 Amodu Ojikutu Street, Victoria Island, Lagos, or through their email address: subani@coronationmb.com or legal@coronationmb.com, not later than 48 hours prior to the meeting time. The early submission of the Proxy Forms will enable the Bank to stamp the Forms and lodge them with the Company's Registrars, Coronation Registrars Ltd.

Any Shareholder that elects to attend the AGM virtually may, on May 27, 2025, log in to the Meeting from its commencement at 11am using the login details that will be sent to their respective telephone numbers and email addresses. We recommend that such Shareholders afford themselves ample time to complete the login process before the commencement of the Meeting at 11am for a hitch-free attendance. Where any difficulty is encountered, calls can be made to these numbers for technical support – 0803 895 2449 (Echezona), 0708 505 8527 (Azeez), or 0706 088 0405 (Richard).

4. **Dividend**
In line with the Bank's policy on dividend payments, existing laws and regulations, and to maintain the Capital Adequacy Ratio requirement of the Central Bank of Nigeria ("CBN"), the Directors will not propose any dividend for the 2024 financial year. The Board is, however, confident that riding on the improved financial performance recorded in the 2024FY, the implementation of the Bank's approved strategies will produce results that will justify the payment of dividends in 2025.

5. **Rights of Shareholders to ask questions**
Shareholders have a right to ask questions not only at the Meeting, but also in writing before the Meeting, and such questions must be submitted to the Bank on or before May 23, 2025.

6. **Profiles of Directors**
Biographical details of Directors standing for election and re-election are provided in the explanatory notes.

PROXY FORM

The 10th Annual General Meeting ("AGM" or "the Meeting") of **CORONATION MERCHANT BANK LIMITED** will be held on Tuesday, May 27, 2025, at Coronation House, 10, Amodu Ojikutu Street, Victoria Island, Lagos, at 11.00 a.m.

I/We ____ being a member/members of **CORONATION MERCHANT BANK LIMITED** hereby appoint ____ (or failing him, the Chairman of the meeting) as my/our proxy to act and vote for me/us on my/our behalf at the AGM of the Company to be held on May 27, 2025 at 11.00 a.m. or any adjournment thereof.

NOTE

1. A member of the Company ("Shareholder") who is unable to attend the AGM is entitled by law to vote by proxy. This Proxy Form has been prepared to enable you to exercise your right to vote if you are unable to attend the Meeting either in person or virtually.
2. Following the standard practice, the Chairman of the Meeting has been entered on the Proxy Form to ensure that someone will be present at the Meeting to act as your proxy. However, if you wish, you may insert the name of any person, whether a member of the Company or not, in the blank space above, who will attend the meeting and vote on your behalf.
3. Please sign and post the Proxy Form to reach "The Company Secretary, Coronation Merchant Bank Limited, 10 Amodu Ojikutu Street, Victoria Island, Lagos" not later than 48 hours before the Meeting to ensure that the Proxy Form is stamped by the Commissioner for Stamp Duties and lodged with the Company's Registrars.
4. If executed by a corporate body, the Proxy Form should be under the common seal or under the hand of an officer or attorney duly authorized to act on your behalf.
5. It is a requirement of the law under the Stamp Duties Act, Cap S8, Laws of the Federation of Nigeria 2004 (as amended), that any instrument of proxy used for the purpose of voting by any person entitled to vote at a meeting of Shareholders must bear a stamp.

	Ordinary Business (As Ordinary Resolution)	**For**	**Against**	**Abstain**
1	To receive the Audited Financial Statements for the year ended December 31, 2024, and the Reports of the Directors, Auditors, and Audit Committee thereon.			
2	That pursuant to Article 56 of the Articles of Association of the Company, **Mr. Idaere Gogo Ogan**, be and is hereby re-elected as a Non-Executive Director of the Bank.			
3	That pursuant to Article 56 of the Articles of Association of the Company, **Ms. Olubunmi Fayokun**, be and is hereby re-elected as an Independent Non-Executive Director of the Bank.			
4	That pursuant to Article 56 of the Articles of Association of the Company, **Mr. Adamu Atta**, be and is hereby re-elected as a Non-Executive Director of the Bank.			
5	That pursuant to Section 274(2) of the Companies & Allied Matters Act 2020, **Mrs. Adetola Owolabi**, who was appointed by the Board of Directors after the last AGM, be and is hereby elected as an Independent Non-Executive Director of the Bank.			
6	That KPMG Professional Services be and are hereby re-appointed as the Auditors to the Company from the end of this 10th AGM until the end of the next year's AGM.			
7	That the Directors be and are hereby authorized to fix the remuneration of KPMG Professional Services, the External Auditors, for the 2025 financial year.			
8	To disclose the remuneration of the Bank's managers.			
	Special Business (As Ordinary Resolutions)			

9	That the Directors' fees for the financial year ending December 31, 2025, be and are hereby fixed at ₦38,730,000.00 (Thirty-Eight Million, Seven Hundred and Thirty Thousand Naira) for the Chairman and ₦34,720,000.00 (Thirty-Four Million, Seven Hundred and Twenty Thousand Naira) for each of the Non-Executive Directors. That the sitting allowance for Directors be and is hereby fixed at ₦620,000.00 (Six Hundred and Twenty Thousand Naira) per sitting for the Chairman and ₦543,750.00 (Five Hundred and Forty-Three Thousand Seven Hundred and Fifty Naira) per sitting for the other Non-Executive Directors.			
10	To consider the Board Performance Appraisal Report for the year ended December 31, 2024.			

Please indicate how you wish your votes to be cast on the resolutions set out above by marking 'X' in the appropriate space.

Dated this _________ day of ____________________ 2025.

Signature of the shareholder: ____

The common seal of the shareholder ____ was hereunto affixed in the presence of:

____
DIRECTOR

____
DIRECTOR/SECRETARY

EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

The notes below explain the proposed resolution:

Ordinary Business:

Resolutions 1-8 are the ordinary business of the AGM and are being proposed as ordinary resolutions. This means that for each resolution to be passed, a simple majority of votes in favour of the resolution is required.

Resolution 1: Annual Report and Accounts

The Directors are required under Section 388 of the Companies and Allied Matters Act 2020 to lay before the Company in the General Meeting for each financial year, copies of the financial statements of the Company made up to a date not exceeding nine months before the date of the meeting. This provides shareholders with the opportunity to ask questions about the contents of the Annual Report and Financial Statements.

Resolutions 2-5: Election and Re-election of Directors

The Company's Articles of Association require one-third of all Non-Executive Directors (rounded down) to stand for re-election every year (depending on their tenure on the Board), together with Directors appointed by the Board since the last AGM. In compliance with the requirement, Mr. Idaere Gogo Ogan, Ms. Olubunmi Fayokun, and Mr. Adamu Atta will retire at this AGM and, being eligible, will submit themselves for re-election. It is hereby confirmed that, following a formal evaluation, the Directors have continued to demonstrate a commitment to their roles as Non-Executive Directors.

The Board considers all the Directors submitting themselves for re-election to be highly experienced and to have a good understanding of the financial services industry. Given their experience and background, the Board believes that they will continue to add value to the Bank.

Also, following the appointment of Mrs. Adetola Owolabi as an Independent Non-Executive Director of the Bank in 2024, after the 9th AGM, Mrs. Owolabi will be presented for election at the 10th AGM.

The brief profiles of the Directors standing for election and for re-election are set out below. The Board recommends that Mrs. Owolabi be elected, and that Mr. Ogan, Ms. Fayokun, and Mr. Atta be re-elected to maintain the needed balance of skills, knowledge, and experience on the Board.

MR. IDAERE GOGO OGAN
Non-Executive Director

B.Sc, Economics	University of Port Harcourt
MBA, International Finance	Middlesex University, London

Mr. Idaere Gogo Ogan is a graduate of Economics from the University of Port Harcourt, Nigeria and holds an MBA in International Finance from Middlesex University, London.

He has more than 28 years of experience across crucial areas of Banking, Insurance and Oil and Gas. He is currently the Group Chairman of Calvary Group, which includes BECCA Petroleum and Gas Limited, Cordero Engineering Services Limited, and Calvary Travels and Logistics Limited, a position he has held for over twenty (20) years. In this role, he has gained extensive experience in Oil and Gas management, Engineering Services, and Logistics. Previously, he was the Head of the Pharmaceutical Team in the Corporate Bank Group at Guaranty Trust Bank Plc.

Mr. Ogan is a member of the Institute of Directors of Nigeria, which is an affiliate of the Institute of Directors, United Kingdom. He sits on several Boards as Director and Chairman. He serves as a Non-Executive Director at Coronation Merchant Bank Limited (Coronation MB) and is a ranking member of the Shareholders' Audit Committee of Access Bank Plc. He is the Director of Eastern Bulkcem Company Limited (Eagle Cement) and Chairman, Board of Directors of Coronation Registrars Limited.

Mr. Ogan has attended several Executive Management Programs at Harvard, Yale, Columbia, MIT, University of Chicago Booth Business School, and Sloan Management School, among others, to develop and execute organizational strategies for improved performance and growth. He is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Audit Committee.
- Board Credit and Investment Committee.
- Board Risk Management Committee.

MS. OLUBUNMI FAYOKUN
Non-Executive Director (Independent)
Bachelor of Laws (LL.B). BL

Ms. Olubunmi Fayokun is a Senior Partner in the law firm of Aluko & Oyebode, a member of the firm's Management Board, and heads the firm's Capital Markets and M&A practice groups. Before joining the firm, she served as the Legal Adviser and Company Secretary of Denham Management Limited.

Ms. Fayokun's career spans over 3 decades during which she has represented a highly diversified clientele of top-tier indigenous, international, and multinational companies in various sectors including banking, oil and gas, FMCG, power, aviation, and insurance. She is recognized in Who's Who Legal as one of the world's leading lawyers in M&A, Capital Markets, and Energy & Natural Resources. She has consistently been ranked a Leading Lawyer in IFLR1000 - The Guide to the World's Leading Financial Law Firms. IFLR1000 also recognises her as one of 300 Women Leaders considered to be among the best global transactional specialists in their markets and practice areas.

Ms. Fayokun has served on various committees established by the Securities and Exchange Commission to promote the development of the Nigerian capital market, including the CMC Rules and Compliance Sub-committee, the CMC Sub-committee for the rejuvenation of the Nigerian Bond Market and the CMC Market Infrastructure Sub-committee. She is a member of the BusinessDay Legal Business Advisory Board and was previously a Council Member of the Nigerian Bar Association Section on Business Law. She was a Director of the Association of Issuing Houses of Nigeria, a former Treasurer of the Capital Markets Solicitors' Association and played a pivotal role in the establishment of the Nigerian Association of Securities Dealers (NASD) OTC market.

Ms. Fayokun is a member of the following Board Committees of Coronation Merchant Bank Limited:
- Board Governance and Nominations Committee (Chairman)
- Board Audit Committee.
- Board Credit and Investment Committee.
- Board Risk Management Committee.

MR. ADAMU ATTA
Non-Executive Director

B.A. (Honours) International Relations/International Economics	United States International University (USIU), San Diego
M.A. International Development Economics	University of California (UCLA), Los Angeles
M.Sc. Political Science	Ahmadu Bello University, Zaria

Mr. Atta founded Matad Group Nigeria Limited ("Matad"), a firm through which he has gained over 20 years' experience consulting for various businesses in socio-economic and feasibility studies, analysis, and diagnostic reviews. Under his leadership, Matad continues to evolve and provide bespoke consulting services, funded by the World Bank, African Development Bank, Department for International Development, and the United Nations Development Programme, among others.

He has several years of experience chairing and serving on numerous boards, including WAPIC Insurance Plc (currently Coronation Insurance Plc), Coronation Merchant Bank Limited, Cinafindev Nigeria Limited, UNITEK Modular Builders Nigeria Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited, Supertex Limited, the Nigerian Tourism Development Corporation, and the Nigerian Industrial and Competitiveness Advisory Council, among others. The Federal Government of Nigeria appointed him to serve on the board of the Nigeria National Petroleum Corporation on May 30, 2020, for 3 years.

Mr. Atta has been appointed to various committees in the oil, gas, and textile industries, as well as the Nigerian Business Forum, by the Federal Government of Nigeria. He also played a role in the work of the Nigerian Extractive Industry Transparency Initiative (N-EITI). He was involved in the creation of the accounting model, which tracks development in the oil and gas industries. He is a member of the Nigeria Business Forum.
Mr. Atta is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Risk Management Committee
- Board Governance and Nominations Committee
- Board Credit and Investment Committee

The interests of Non-Executive Directors standing for re-election in the ordinary shares of the Bank as at December 31, 2024, are as shown below:

S/N	**Name of Director**	**Direct Holding**	**Indirect Holding**
1	Mr. Idaere Gogo Ogan	Nil	Nil
2	Ms. Olubunmi Fayokun	Nil	Nil
3	Mr. Adamu Atta	Nil	Nil

MRS. ADETOLA OWOLABI
Non-Executive Director (Independent)

B.Sc, Business Administration	University of Lagos
MBA	University of Liverpool

Mrs. Adetola Owolabi earned a B.Sc. in Business Administration from the University of Lagos in 1997 and an MBA from the University of Liverpool in 2009. She spent 17 years in relationship management at Guaranty Trust Bank PLC, specializing in structuring complex commercial credit transactions and international trade finance. Throughout her tenure, she excelled in various roles, managing portfolios across multiple business districts and achieving significant growth in profitability. She eventually served as the Group Head of the Commercial Banking Group, overseeing major commercial banking clients in the Lagos area. Her last position at the bank was Assistant General Manager and Group Head of the Maritime Group.

Mrs. Owolabi has participated in several management courses both in Nigeria and abroad, including at Harvard Business School (Boston, USA, 2005), Columbia University Graduate School of Business (USA, 2008), IMD (Switzerland, 2011), NYU Stern (2016), and Northwestern University's Kellogg School of Management (2022). She was appointed a Non-Executive Director of Black Pelican Limited (IL Bagno) until June 2012, when she transitioned to an executive role as an Executive Director. Her outstanding performance has earned her numerous accolades, and she is recognized for her excellent teamwork, mentoring skills, and high performance. She is passionate about optimizing an organization’s resources to create value for its stakeholders.

Currently, Mrs. Owolabi serves as the Executive Director and Chief Operating Officer of Black Pelican Limited (IL Bagno), with responsibilities that include Finance, Operations, Business Strategy Management, Human Resources, Administration, Internal Control, Procurement, Warehouse Management, and Inventory Management.

In 2010, she was inducted as an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria and became a Fellow of the Institute of Credit Administration in 2015.

In October 2024, Mrs. Owolabi was appointed as an Independent Non-Executive Director of Coronation Merchant Bank Limited, and is a member of the following Board Committees:

- Board Audit Committee
- Board Governance and Nominations Committee
- Board Credit and Investment Committee

Mrs. Owolabi will be presented to the members for election as an Independent Non-Executive Director of the Bank.

Resolutions 6-7: Approval of Appointment of Auditor/Auditor's Remuneration

Section 401 of the Companies and Allied Matters Act 2020 provides that every company shall, at each AGM, appoint an auditor to audit its financial statements and hold office from the conclusion of that AGM until the conclusion of the next AGM.

KPMG Professional Services was re-appointed as the Auditor of the Bank at the 9th Annual General Meeting held on June 20, 2024, and has indicated its willingness to continue in this capacity for the following year.

Section 408(b) of the Companies and Allied Matters Act 2020 provides that the remuneration of the auditor of a company shall be fixed by the company in a general meeting or in such manner as the company may determine in a general meeting. Pursuant to this provision, the Shareholders of the Bank will be required to authorize the Directors to fix the remuneration of the Auditor for the financial year ending December 31, 2025.

Resolution 8: Managers' Remuneration Policy

Sections 238 and 257 of the Companies and Allied Matters Act 2020 require the Bank to disclose the remuneration of Managers to members at AGM, as part of the ordinary business of the meeting. For this disclosure, the Managers include employees at the grade of Assistant General Managers and above.

The Bank's Managers were paid a total of ₦586,271,221.04 in 2024, excluding other benefits, bonuses, and allowances. Their remuneration was reflective of the banking industry's competitive salaries and the extent to which the Bank's objectives had been met for the financial year.

Special Business

Resolutions 9-10 are the special business of the meeting that are being proposed as Ordinary Resolutions.

Resolution 9: Approval of Directors' Fees

The Company is required by Section 293 of the Companies and Allied Matters Act 2020 to seek the approval of its shareholders at the AGM, for the annual fees payable to the Non-Executive Directors. Shareholders will therefore be required to approve annual fees of ₦38,730,000.00 (Thirty-Eight Million, Seven Hundred and Thirty Thousand Naira) for the Chairman and ₦34,720,000.00 (Thirty-Four Million, Seven Hundred and Twenty Thousand Naira) for each of the Non-Executive Directors. They will also be required to approve the sitting allowance for Non-Executive Directors at ₦620,000.00 (Six Hundred and Twenty Thousand Naira) per sitting for the Chairman and ₦543,750.00 (Five Hundred and Forty-Three Thousand Seven Hundred and Fifty Naira) per sitting for the other Non-Executive Directors.

Resolution 10: Consideration of the Report of the 2024 Annual Board Performance Evaluation

By the combined effect of Section 10.3 of the Central Bank of Nigeria (CBN) Corporate Governance Guidelines 2023, and Principle 14 of the Nigerian Code of Corporate Governance 2018, the Company is required to appoint an independent external consultant to conduct an annual Board and Directors' evaluation covering the Board's structure and composition, responsibilities, processes, and relationships, as well as individual members' competencies and respective roles in the Board's performance. The outcome of the evaluation is expected to be presented to Shareholders at the AGM. Following the completion of the board evaluation for the year ended December 31, 2024, the report shall be given to Shareholders at the 10th AGM.