CORONATION

EVOLVING EXCELLENCE
SHAPING THE FUTURE

CORONATION MERCHANT BANK LTD | 2023 ANNUAL REPORTS AND ACCOUNTS

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.

Want to know more?

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CONTENTS

CORONATION

The winning streak continues...

Best Investment Bank, Nigeria 2023

We are proud to be named Best Investment Bank, Nigeria for the 6th consecutive year. This remarkable feat would not have been possible without your trust and support.

Thank you for your continued partnership.

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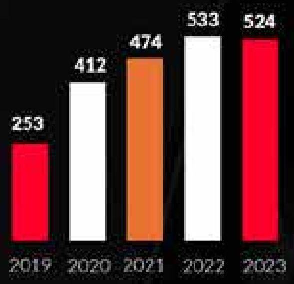
CORONATION

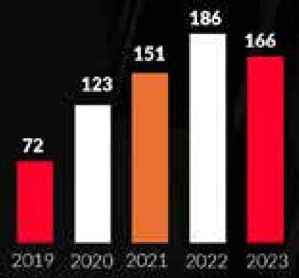
Overview

Financial Highlights



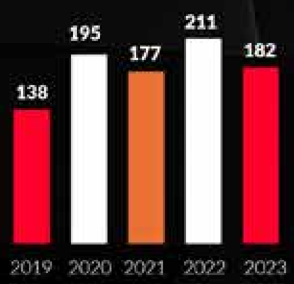
TOTAL ASSETS
(N'BILLION)

107%



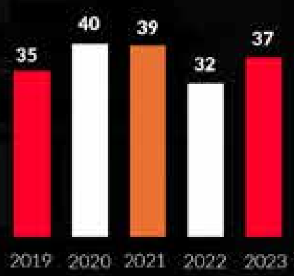
TOTAL RISK ASSETS
(N'BILLION)

129%



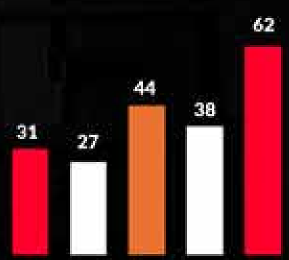
DUE TO CUSTOMERS
(N'BILLION)

32%



SHAREHOLDERS' FUNDS
(N'BILLION)

8%



GROSS EARNINGS
(N'BILLION)

97%

Our Locations

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

ABUJA OFFICE
Coronation House
Plot 158, Aminu Kano Crescent
Wuse 2, Abuja
T: 02012797640

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

“Our business 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. Going into the next five years, Coronation Merchant Bank plans to rank top 3 position across specific areas of product focus.”

Overview

Coronation Merchant Bank

Coronation Merchant Bank is a fast paced, result-driven and innovatibe organization boldly setting standards of excellence in the Nigerian Banking sector and beyond.

We have a clear strategy based on our competitive advantage; exceptional local knowledge combined with world-class financial solutions.

The Bank was established to fill the gap in a long-underserved market segment, seeking to address the need for long term capital across key sectors of the economy. The Bank offers Corporate and investment banking, private banking/wealth management and global markets/treasury services to its diverse clients.

Driven by its vision of becoming Africa's premier Investment Bank and with and asset base of over N473bn, the Bank is certain to leverage its team of excellent individuals who have taken it to the top of the merchant banking sector and made it the industry model for risk management, corporate governance and responsible business practices.

Going into the next five years, Coronation Merchant Bank plans to attain industry leadership across specific areas of product focus. The Bank will leverage its robust distribution network and strategic alliances both regional and International to provide high quality services across West Africa and beyond. Our comprehensive service offering is based on end-to-end synergies created 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

Fellow Shareholders, Esteemed Board Members, and Distinguished Guests, our gathering today is not only for the 9th Annual General Meeting of Coronation Merchant Bank Limited, but as a testament to the resilience and strength of our Bank.

While 2023 presented formidable challenges, by reason of the macroeconomic headwinds that significantly impacted our financial performance, we have remained steadfast in our conviction that our determination to assimilate the invaluable lessons from the events of the past two years will propel us towards improved performance and returns to our stakeholders.

With humility, we can say that we have not only weathered the storm from our 2022 performance but have truly learned to harness its winds. Already, the initiatives, thoroughly articulated and boldly implemented in 2023, yielded positive outcomes, which aptly demonstrate our unwavering resolve and commitment to continuous creation of value for the benefits of our stakeholders.

At Coronation Merchant Bank, the confidence of our clients is the vital force propelling our enterprise. Their trust is our most prized asset, and we remain fiercely committed to nurturing it. Our enduring commitment to providing exemplary financial solutions has continued unabated, as exemplified by our expansive array of products and services meticulously crafted to meet the diverse needs of our clients.

We are optimistic about the future trajectory of our Bank and are committed to the steadfast delivery of tangible value to our customers.

This is not just another AGM; it is a declaration of our resolve to manifest our inherent capacity to soar.

Distinguished Shareholders, Board Members, Ladies and Gentlemen, Welcome to the 9th Annual General Meeting of Coronation Merchant Bank.

Macroeconomic Overview

The geopolitical tensions in the Middle East, including the Israel-Hamas war and the Houthi Crisis in the Red Sea, increased global geopolitical risks in 2023. However, their impact on the global macroeconomic environment was relatively subdued compared to the significant macroeconomic shock triggered by the Russia-Ukraine crisis. Global GDP (Gross Domestic Product) growth slowed to 3.1% in 2023, from 3.4% recorded in 2022 but recession concerns continued to linger in advanced economies like the UK and Eurozone, partly due to tight financial conditions.

The US, on the other hand, experienced resilient growth, attributed to stable consumer spending, reflecting accumulated savings and a tight labour market. In March 2023, the failure of three small-to-midsize U.S. banks triggered a global decline in bank stock prices, prompting swift regulatory responses to prevent a potential global contagion. China's economy grew by 5.2% in FY2023, surpassing the initial target of 5.0%, but growth remained lower than pre-COVID levels due to weak consumption patterns and lingering effects of the property sector downturn.

Inflation moderated in most economies due to base effects, supply chain normalization, and a decline in commodity prices. However, it remained above central banks' targets. Central banks adjusted interest rates accordingly, with the US Federal Open Market Committee (FOMC) raising the Fed funds rate by +100bps, the ECB raising rates by +200bps, and the People's Bank of China (PBoC) cutting key interest rates due to deflation concerns.

Tightening global financial conditions led to capital outflows from emerging economies, reflecting investor risk aversion, increased debt service costs, and sustainability risks for economies with significant US dollar-denominated liabilities. Emerging economies looked to alternatives such as new bilateral or multilateral financing, including IMF-supported programs, debt reprofiling and restructuring, and structural reforms to improve fiscal balances.

In the global oil market, UK Brent averaged USD82/b, while WTI and Bonny light averaged USD77.6/b and USD85.3/b, respectively in 2023. Oil price movements over the past year were primarily influenced by concerns around the low demand from China as it grapples with deflation, US banking sector volatility and the impact of aggressive US interest rate hikes given elevated inflation. On the supply side, disruptions due to the Israel- Hamas conflict, the impact of Hurricane Ida, production cuts announced in April '23 by OPEC+ combined with additional voluntary cuts of 1mbpd and 0.3mbpd by Saudi Arabia and Russia respectively all contributed to price movements during the year. The economic sanctions imposed on Russia by Western countries had mixed effects as export flows of Russian oil remained steady, and its price discount relative to Brent oil has shrunk over time. We note that Russian oil traded above the USD60 price cap imposed by the Group of Seven (G7) countries in 2023.

At COP 28 held in Dubai, the key outcome was the conclusion of the first ever Global Stock Take (GST). This was a mid-term review of progress that UN member states have towards implementing the 2015 Paris Agreement. Furthermore, rapid decarbonization was emphasized and 130 national governments (Nigeria inclusive) committed to triple the world's installed renewable energy generation capacity to at least 11,000GW by 2030 as well as to collectively double the global average annual rate of energy efficiency improvements from around 2% to over 4% every year until 2030.

The operationalization of the Loss and Damage Fund, securing an impressive sum of over USD726m, is a key milestone for Nigeria. This fund is dedicated to supporting countries that endure the most of climate change's severe impacts. Although this achievement marks a positive beginning for the fund, it is essential to acknowledge that commitments thus far only represent 0.2% of the total funding required. It underscores the urgency for greater collective efforts and increased contributions to address the pressing challenges posed by climate change.

Domestic Macroeconomic Overview

Nigeria's macroeconomic performance was influenced by factors such as the adverse effects of the poor implementation of the Naira redesign policy, electioneering, FX liquidity constraints, inflationary pressures (worsened by the subsidy removal), and high interest rates, compounded by persistent structural issues including insecurity, inadequate infrastructure and disruptions within the oil sector. The latest growth figures show that Nigeria posted a GDP growth of 2.74% y/y in 2023, lower than 3.1%

y/y recorded in 2022.

In 2023, we witnessed a concerning escalation in inflationary pressures, signalling a potential strain on consumer purchasing power. Headline inflation concluded the year at a significant 29.9% y/y, marking a noteworthy increase of +758 basis points compared to the 21.34% y/y recorded in the corresponding period of 2022. This surge can predominantly be attributed to several factors, notably the exacerbation of exchange rate pressures stemming from the FX liberalization policy. Furthermore, the removal of subsidies led to heightened costs of Premium Motor Spirit (PMS), further exacerbating inflationary pressures. The political landscape, characterized by increased electioneering spending, also contributed to the rise in inflation. Additionally, supply-side challenges played a role in perpetuating the upward inflationary trajectory. As stewards of financial stability and economic prosperity, it is imperative for us to remain vigilant and proactive in navigating these inflationary challenges. We will continue to adapt our strategies to mitigate the adverse effects on the economy and the financial well-being of our clients and stakeholders.

In response to the concerning rise in inflation during 2023, the CBN adopted a measured approach in adjusting its policy rates. The monetary policy rate (MPR) increased by +225bps compared to the cumulative +500bps hike witnessed in 2022, rising from 16.5% to 18.75%. Notably, the CBN also adjusted the asymmetric corridor, a move unseen since September 2020. The corridor was narrowed to +100/-300 basis points around the MPR from the previous range of +100/-700 basis points. Despite these adjustments, other policy parameters remained unchanged. Furthermore, the CBN reverted to policy orthodoxy by reinstating Open Market Operations (OMO) auctions and lifting the N2bn daily limit on the Standing Deposit Facility (SDF) window. These actions reflect the Central Bank's commitment to maintaining stability and equilibrium in the financial markets amidst evolving economic conditions.

Regarding the fiscal environment, the 2023 FGN Budget marked the culmination of the Buhari administration's full-year budget presentations. This budget, totalling N24.8trn, set a revenue target of N11.04trn. Notably, data from the Budget Office of the Federation revealed that the FGN's retained revenue from January to September '23 reached N8.65 trillion, surpassing the prorated target of N8.28trn by 4.5%. This impressive achievement can be primarily attributed to several factors, including the exchange rate differentials resulting from the FX liberalization policy, savings derived from the removal of the PMS subsidy, and the commendable performance of non-oil revenue sources. Despite these successes, the fiscal deficit stood at (-4.0) trn, contrasting with the prorated target of (-10.3) trn. Domestic sources predominantly financed this deficit, which contributed to the upward movement in market rates. Indeed, these developments influenced market dynamics significantly. For instance, the average yield for FGN bonds experienced a notable increase of +94 basis points, closing at 13.9%, while the average yield for Nigerian Treasury Bills (NTBs) surged by +150 basis points, closing at 6.9% by December 2023. Such shifts underscore the intricacies of fiscal management and the connectivity of fiscal policy with broader economic variables.

The NGX All Share Index (ASI) gained +45.9% in 2023. Domestic investors remained dominant with increased retail investor activity. The positive performance in the equities market was demonstrated by remarkable improvement of multiple sectoral indices. It is worth highlighting that the Nigerian equities market surpassed the FY2023 returns of major Morgan Stanley Capital International (MSCI) global indices (the Frontier market index +8.27%, the Emerging market index +6.95%, and the Developed market index +15.29%) and some African peers (Ghana +28.08%, Kenya -28.08% and South Africa +5.26%).

The FX market started 2023 with the same FX controls and limited interventions witnessed since the COVID-19 pandemic. This resulted in a wider premium between the official and parallel market rates. In June 2023, the CBN abolished its multiple FX windows, collapsing all its various rates into the Nigerian Autonomous Foreign Exchange Market (NAFEM) and reintroduced the "willing buyer, willing seller" model. Following the FX liberalization policy, the NAFEM and parallel market rates briefly converged. However, given the underwhelming FX supply to support the local currency at the official window, pressures built up in the parallel market, leading to a divergence between the NAFEM rate and the parallel market rate.

The CBN also lifted the ban on the 43 items previously restricted from sourcing FX from the official market. The CBN did not intervene in the FX market between October 2023 and December 2023. So far, the CBN has made only partial progress in clearing its backlog of unsettled FX forwards, further highlighting FX liquidity constraints. As at end-2023, gross external reserves stood at USD32.9bn, a decline of -13% from USD37.2bn in December 2022. Meanwhile, the NAFEM rate was N907.1/USD at the end of 2023, a -96.5% depreciation from N461.5/USD in January 2023.

Performance Review

Despite the significant challenges in the economic environment in 2023, the Bank demonstrated resilience and achieved notable milestones. Our Operating income witnessed a significant increase closing at N12.7 billion which is a significant 10,277% increase from the N122.5 million achieved in the previous year. Our Profit Before Tax (PBT) figure of N3.5 billion is a turnaround from the loss of 2022.

Our prudential ratios remained above regulatory requirements, with liquidity ratio at 64.4%, loan-to-deposit ratio (LDR) at 79%, and capital adequacy ratio (CAR) at 12.6%. These results are indicative of the successful execution of our strategy. It is worth noting that our Non-Performing Loan (NPL) ratio remained at 0% for the eighth consecutive year, indicating outstanding loan quality and effective risk management.

In 2023, we reaffirmed our commitment to providing exceptional service across all our platforms. We remained steadfast in monitoring and adhering to cybersecurity regulations and standards, thereby ensuring the continued protection and sustainability of our bank's operations.

We extend our heartfelt gratitude to all our valued customers and shareholders for their unwavering support during the challenges of 2023 and for trusting us as their preferred partner.

With great confidence, we look forward to building upon this momentum and achieving even greater success in 2024.

Board Developments

In addition to the directors that will retire by rotation as required by the Companies and Allied Matters Acts 2020 and the Bank's Article of Association and who, being eligible, will present themselves for re-election at the next AGM, two of the Bank's independent non-executive directors, Mr. Babatunde Dabiri and Mrs. Suzanne Iroche, retired from the Board of the Bank in April 2023, after the completion of their regulatory tenor in line with the requirement of the applicable CBN regulation.

Both Mr. Dabiri and Mrs. Iroche served on the Board of the legacy Associated Discount House Limited, which metamorphosed into Coronation Merchant Bank in 2015. They were both appointed into the Board of the Bank in April 2015 and served meritoriously as Chairmen of two of its Committees. While Mr. Dabiri served as the Chairman of the Board's Credit and Investment

Committee, Mrs. Iroche served as the Chairman of the Board's Audit Committee. The Board is grateful to the duo for their immense contributions to the growth of the Bank and the institution of governance structures that have ensured its continuous development.

In accordance with the Bank's Succession Policy and as part of the process for the replacement of the retired directors, the Board appointed **Mr. Olukayode Akindele** as a Non-executive Director. Mr. Akindele was approved by the CBN in April 2023 and elected by the Shareholders at the 8th Annual General Meeting on June 5, 2023. The Board also appointed **Mr. Olayinka Tiamiyu** as an independent Non-Executive Director in July 2023. In compliance with Section 5.7 of the CBN's Revised Fit & Proper Persons Regime 2015, Mr. Tiamiyu does not have any direct relationship with the Bank or any of its officers, major shareholders, subsidiaries, and affiliates which may impair his ability to make independent judgments or compromise his objectivity. It was based on this fact that the Board designated him an independent Non-Executive Director, a judgment which has received the approval of the Central Bank of Nigeria.

Furthermore, as part of strategies to improve the overall performance of the Bank following the suboptimal results posted in the 2022FY, the Board, in 2023, commenced the implementation of a leadership transformation initiative to reinforce the executive management team of the Bank. This culminated in the appointment of Mr. Paul Abiagam, as the Deputy Managing Director of the Bank in December 2023. The Board is strongly persuaded that the appointments of Mr. Tiamiyu and Mr. Abiagam will not only fill the vacuum created by the retirement of the two directors in April 2023 but their knowledge, experience, character and personalities will be of immense benefits to the Board.

Macroeconomic Outlook

The IMF (International Monetary Fund) projects a modest global GDP growth of 3.1% in 2024, with upgrades anticipated for key players like China, the United States, and major emerging markets. However, downside risks loom, including weakened demand amid monetary policy tightening, persistent inflation, and withdrawal of fiscal support amidst high debt burdens.

As for agriculture commodities, the outlook presents a mixed picture. Maize prices are expected to remain elevated due to growing demand, but production may improve with expanded cultivation and enhanced utilization of inputs like fertilizers. Conversely, cocoa prices are likely to trend upwards due to supply constraints in Ghana and Côte d'Ivoire, while wheat prices may decline with improved global supply. For oil markets, the potential development of conflicts in the Middle East poses significant upward risk to prices, alongside voluntary production cuts by major producers like Saudi Arabia and Russia. However, a decline in global demand, particularly from China, could exert downward pressure on prices.

Inflation is anticipated to moderate across select economies, driven by factors such as falling food and energy prices and monetary policy adjustments. However, supply chain disruptions and unexpected shocks in oil markets could pose challenges to this outlook.

Regarding monetary policy, some central banks have slowed the pace of interest rate hikes, potentially reaching the peak of the tightening cycle. The US Federal Reserve may consider rate cuts in the first half of 2024 if macro-indicators align with expectations. Conversely, the UK and ECB emphasize the need for continued restrictive policies to combat inflation. However, emerging markets face challenges, including risks to capital inflows, USD strength, market volatility, and uncertainty. Implementing credible medium-term fiscal consolidation plans is crucial to alleviating domestic borrowing costs and restoring international market access.

In navigating these complexities, our institution remains committed to prudent risk management and strategic decision-making to safeguard the interests of our stakeholders and contribute to sustainable economic growth in Nigeria and beyond.

Domestically, despite the lingering effects of economic challenges from 2023, the trajectory for Nigeria's economy in 2024 is cautiously optimistic tempered by persistent concerns. Projections suggest a moderate improvement, predominantly fuelled by the anticipated recovery in the oil sector and government reforms. Despite the resilience displayed by certain sectors such as services, agriculture, and manufacturing, significant headwinds persist, including inflationary pressures, unemployment, and dwindling foreign investments. The recent elevation of headline inflation to an 18-year high underscores the severity of these challenges, necessitating vigilant policy responses. A combination of factors, including global trends in inflation and prudent monetary policies, offers a glimmer of hope. Forecasts indicate that if inflationary trends across the globe continue to decline, it could alleviate the impact of imported inflation on local prices, fostering a conducive environment for domestic economic activities. Furthermore, efforts to enhance oil production through offshore exploration and the gradual phasing out of petrol subsidies are expected to boost economic growth. The government's commitment to attracting foreign investments and stabilizing the currency also signals a positive trajectory for the economy.

The CBN is poised to play a pivotal role in navigating these challenges, with shifts in its monetary policy stance and FX management strategies expected to influence market dynamics. Although the 2024 outlook is promising, it is contingent upon proactive measures to address lingering vulnerabilities and capitalize on emerging opportunities. Indeed, a collaborative effort between policymakers, regulatory authorities, and the private sector will be instrumental in steering Nigeria's economy towards sustainable growth and resilience in the face of evolving global dynamics.

Our immediate priorities are customer satisfaction, risk mitigation, capacity building and delivering strong earnings.

Thank you for your continued support.

Babatunde Folawiyo

Chairman, Coronation Merchant Bank Limited
FRC/2014/NBA/00000006371

CEO'S STATEMENT

Banjo Adegbohungbe
Managing Director/CEO, Coronation Merchant Bank

Distinguished Shareholders,

I stand before you today, not just as the CEO of Coronation Merchant Bank, but as a testament to the tenacity and fortitude of our institution. This past year, 2023, was a crucible, shaped by a national political transition, economic reforms, and a volatile global landscape. Yet, amidst these challenges, we emerged more determined and resolute in our pursuit of our goals.

The Nigerian economy faced significant headwinds, with currency fluctuations and inflationary pressures impacting businesses and individuals alike. However, we navigated these uncertainties with unwavering focus on our five-year strategic plan. Our vision is clear: to become the preeminent financial institution in trade finance, investment banking, corporate banking, and treasury. We aim to be renowned for delivering exceptional customer experience. This vision propelled us forward, enabling us to achieve significant milestones throughout the year.

One such milestone was the establishment of strategic partnerships with a prominent State Government. This landmark collaboration, spearheaded by our newly launched Public Sector Business, went live in November 2023, streamlining revenue collection processes and solidifying our position as a trusted partner for public sector

Our Investment Banking business experienced remarkable 27% increase in the number of mandates, solidifying our position as a leading player in the industry. This success, coupled with our consistent top 10 ranking on the FMDQ Treasury league table for the sixth consecutive year, demonstrates our unwavering dedication to delivering exceptional value to our clients.

Furthermore, we hold the distinction of being the first and only Merchant Bank in Nigeria with an international risk rating, a testament to our robust financial standing and commitment to global best practices.

The prestigious "Best Investment Bank in Nigeria, 2023" award bestowed upon us by World Finance further validates our relentless pursuit of excellence. This recognition serves as a beacon, illuminating the path forward as we continue to scale new heights in the financial landscape.

As we look ahead, we remain confident in our ability to navigate the ever-evolving economic landscape. We are committed to driving sustainable growth, delivering exceptional value to our stakeholders, and solidifying our position as Africa's premier investment Bank.

Macroeconomic Overview

Last year, Nigeria's economic landscape was influenced by several factors such as electioneering, FX liquidity constraints, inflationary pressures (worsened by the subsidy removal), and an elevated interest rate environment, among others. Persistent structural challenges such as insecurity, inadequate infrastructure and disruptions within the oil economy further complicated the macroeconomic terrain. The latest growth figures show that Nigeria posted a GDP growth of 2.74% y/y, lower than 3.1% y/y recorded in the previous year. On a sectoral- basis, some green shoots recorded include telecommunications, real estate, trade, finance, and insurance. and these are sectors that we significantly supported.

However, inflationary pressures worsened in 2023, and consumption patterns point towards weakening purchasing power. Headline inflation in 2023 closed the year at 29.9% y/y increasing by +758bps when compared to 21.34% y/y recorded in the corresponding period of 2022. The upticks can largely be attributed to exchange rate pressures worsened by the FX liberalization policy, elevated cost of PMS (following subsidy removal) and electioneering spending. Additionally, supply-side challenges contributed to the upward inflationary trend.

Bonny Light, Nigeria's sweet crude, averaged USD85.3/b. Oil production averaged 1.46mbpd in 2023, falling below the OPEC+ approved quota of 1.7mb/d and the FGN 's revised budget benchmark of 1.72mbpd. Data from the FGN budget office shows that the FGN's retained revenue between January to September '23 amounted to N8.65trn. This is 104.5% of the prorated target of N8.28trn and can be largely attributed the exchange rate differential brought on by the FX liberalization policy as well as savings from the PMS subsidy removal.

The exchange rate market remained a front-burner topic in 2023. The CBN abolished the multiple FX windows, collapsing all its various rates into the Nigerian Autonomous Foreign Exchange Market (NAFEM) and reintroduced the "willing buyer, willing seller" model. This resulted in a sharp depreciation of the naira by -96.5% to N907.1/USD, as at end- December 2023 but resulted in massive revaluation gains, thereby, significantly boosting the earnings of many banks. The CBN also lifted the ban on the 43 items previously restricted from sourcing FX from the official market. In October 2023, CBN halted interventions in the FX market and began clearing its backlog of matured FX obligations estimated at USD 6.8bn. So far, CBN has cleared or restructured over USD 4bn.

The CBN reinstated its previously suspended Open Market Operations (OMO) sales, conducting a series of four auctions. The aggregate sale amounted to N728bn, with an average stop rate of 13.3%, indicative of sustained robust demand. This resumption, coupled with the removal of the N2bn daily limit on funds placed at the Standing Deposit Facility (SDF) window, underscores the CBN's adherence to conventional policy frameworks. Moreover, the transition from indiscriminate Cash Reserve Ratio (CRR) debits to selectively induced CRR debits tied to Loan-to-Deposit Ratio (LDR) compliance is anticipated to yield liquidity relief. This strategic adjustment is poised to safeguard banking institutions, ensuring their continued adherence to regulatory thresholds amidst evolving market dynamics.

In response to the Central Bank of Nigeria's (CBN) Monetary Policy Committee (MPC) decision to raise the monetary policy rate by +225 basis points, from 16.5% at the outset of 2023 to 18.75% by year-end, the cost of funds increased resulting in asset repricing. Concurrently, the banking sector demonstrated commendable progress in curbing non-performing loans (NPLs), with figures declining from 4.2% at the close of 2022 to 4.1% as of June 2023, positioning well below the prudential threshold of 5%. Noteworthy, capital adequacy and liquidity metrics exhibited resilience, aligning with the imperative of maintaining robust foreign currency balance sheet standards. As market attention pivots towards the capacity of Nigerian banks to underpin the envisioned USD1 trillion economy as articulated by the CBN Governor, strategic assessment of banking sector dynamism and adaptability to evolving economic imperatives becomes paramount.

Financial Performance

Coronation Merchant Bank navigated through a challenging year for the banking industry in Nigeria with determination and confidence.

In spite of the formidable headwinds in 2023, The Bank achieved notable improvement in performance over the prior year. The bank achieved gross earnings of N61.6 billion, a growth of 62% over 2022 while Profit Before Tax (PBT) was N3.47 billion, a significant recovery from the loss of 2022. The Bank's operating income exhibited significant growth, increasing by 10,277% from N122.5million in 2022 to N12.7 billion in 2023.

In spite of the turbulent environment, our prudential ratios remained strong, reflecting the bank's sound risk management practices and financial capacity. Capital Adequacy Ratio stood at 12.6%, an improvement on the 10.3% for 2022. Liquidity ratio closed at 64.4% and Loan-to-funding ratio remained at 79%, underscoring the strength of our balance sheet. It is noteworthy that our Non-Performing Loan (NPL) ratio remained at 0% for the eighth consecutive year, reaffirming our commitment to maintaining high asset quality and effective credit risk management.

These results demonstrate the strength of our recovery and our capacity to grow into the future in partnership with our customers and shareholders.

Product & Service Channel Improvement

In 2023, we wanted to ensure that our hardware and network Infrastructure have the requisite capacity for our customer's transaction volumes.

In the light of this, we migrated our core banking databases from existing fixed capacity servers to scalable infrastructure and revamped our network infrastructure

This implementation positions us with an efficient, effective, and responsive platform for our customer engagements and integrations in 2024 and beyond.

Our People

Our paramount achievement lies in the exceptional prowess of our people, setting us apart entity in the fiercely competitive Nigerian labour market. At the core of our success is a resolute commitment to cultivating a work environment that serves as a fertile ground for our employees to truly flourish and fulfil their highest potential.

As part of our overarching people strategy, we conducted a comprehensive evaluation of various facets, including recruitment, retention, personal development, flexible working arrangements, overall rewards structure, talent management initiatives, leadership practices, and our commitment to fostering diversity and inclusion. This meticulous scrutiny underscores our dedication to nurturing a workplace that fosters growth, innovation, and inclusivity.

Recognizing the dynamic nature of the professional landscape, we have conscientiously developed and implemented a range of programs aimed at advancing the skills and competencies of our workforce. This strategic investment in continual learning and development ensures that our employees remain at the forefront of their respective fields, driving both individual and collective success.

Integral to our approach is the assurance that our employees receive steadfast support from adept leaders who excel not only in their professional capacities but also as mentors, coaches, and examples. Leadership, to us, is a collaborative journey where guidance, inspiration, and the setting of exemplary standards play pivotal roles.

Furthermore, we have proactively deployed employee recognition programs as a means of appreciating and celebrating the remarkable efforts of individuals and teams that have significantly contributed to the overarching success of our organization. These initiatives are not merely token gestures but a testament to our genuine appreciation for the dedication and excellence exhibited by our workforce.

Outlook

As we set our sights on the horizon of 2024, we anticipate a period of modest GDP growth, accompanied by persistent inflationary pressures, albeit with potential modest declines attributed to favourable base effects. The Monetary Policy Committee is expected to maintain its vigilant stance on inflation targeting, complemented by regular open market operations auctions and adjustments to the cash reserve ratio and Loan-to-Deposit Ratio to manage liquidity effectively.

Looking ahead, we expect to see improved foreign exchange (FX) liquidity driven by ongoing reforms, increased foreign portfolio investments, and support from multilateral and bilateral loans. However, it is essential to acknowledge lingering downside risks, including challenges in oil production capacity and the limited impact of non-oil exports on FX liquidity.

Considering the maturity profile of current FGN debt instruments, the CBN's commitment to inflation targeting and the FGN's borrowing requirements, we anticipate moderate upticks in fixed income yields.

In the banking sector, we remain ready to navigate economic headwinds and explore new avenues for growth in 2024 by prioritizing the identification and pursuit of emerging opportunities, maintaining our unwavering commitment to delivering exceptional customer service, and leveraging our robust and diversified business model. We are poised to forge ahead, charting new paths of progress, and sustaining our trajectory of earnings growth.

We extend our heartfelt gratitude for your continued trust and support as we embark on this journey together.

Banjo Adegbohungbe
Managing Director/CEO,

Coronation Merchant Bank Limited
FRC/2019/CIBN/00000019814

THE ART OF THE DEAL

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

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

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

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 is to see the continent of Africa transform, by the deployment of our innovative and bespoke products, services, and solutions across the various industries in which we play.

Our vision is anchored on our core values of trust, innovation, and leadership as well as our confident, driven, and resourceful personality. Our message, core competencies and diversified business lines serve as our competitive advantage in the actualization of our vision of **"A Continent Transformed."**

We are constantly looking to set new and higher benchmarks by which to evaluate ourselves, and we are constantly improving and seeking superior platforms from which to conduct the business of banking and finance. It is in the DNA that propels us forward.

Mission

Our mission is our mandate to co-create a future of realized hopes and aspirations with our clients. Whatever prosperity means to them, we must be by their side, enabling the process, providing the solutions, and charting the course.

Our mission describes our purpose. It represents who we are and communicates how we serve our clients and other key stakeholders.

Our mission is to provide transformational solutions for Africa's challenges.

"Coronation Merchant Bank will thus be a market leader, setting the pace for transactions, and all external stakeholders will want to be associated with us. This means that WE must ALWAYS strive to EXCEED our customers' expectations through continuous learning, innovation, and development, while also gaining customer insight and seeking solutions to a wide range of customer problems."

Our Core Values

> At Coronation Merchant Bank, our values represent another crucial 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.

Core Values

Trust

We have complete confidence in one another, and we will work tirelessly to earn our customers' trust, loyalty, and confidence. We always deliver on contracts, agreements, undertakings, and commitments.

Innovation

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

Leadership

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.

Attributes

Confident

Our confidence is born out of our past experiences. Our record of accomplishment speaks for itself.

Driven

We are not willing to compromise in our set targets and objectives. Our DNA compels us to keep competing, keep fighting until we achieve our objective.

Resourceful

We are quick and innovative in overcoming unique difficulties and challenges in Africa and beyond. We creatively adapt well to new or demanding situations.

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

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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 for the year ended 2023 in accordance with the guidelines of the Central Bank Of Nigeria (CBN) Corporate Governance Guidelines 2023 and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).

The Central Bank of Nigeria (CBN) Corporate Governance Guidelines (CGG) 2023 section 10.1 mandates an annual appraisal of the Board, its Committees, Chairman and individual directors covering all aspects of the Board's structure, composition, responsibilities, processes, relationships and respective roles in the performance of the Board. Subsection 10.3 requires that such appraisal should be conducted by an independent external consultant with adequate experience, knowledge and competence in corporate governance and performance management.

Our approach included the review of Coronation Merchant Bank Limited 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 and key personnel of the Bank.

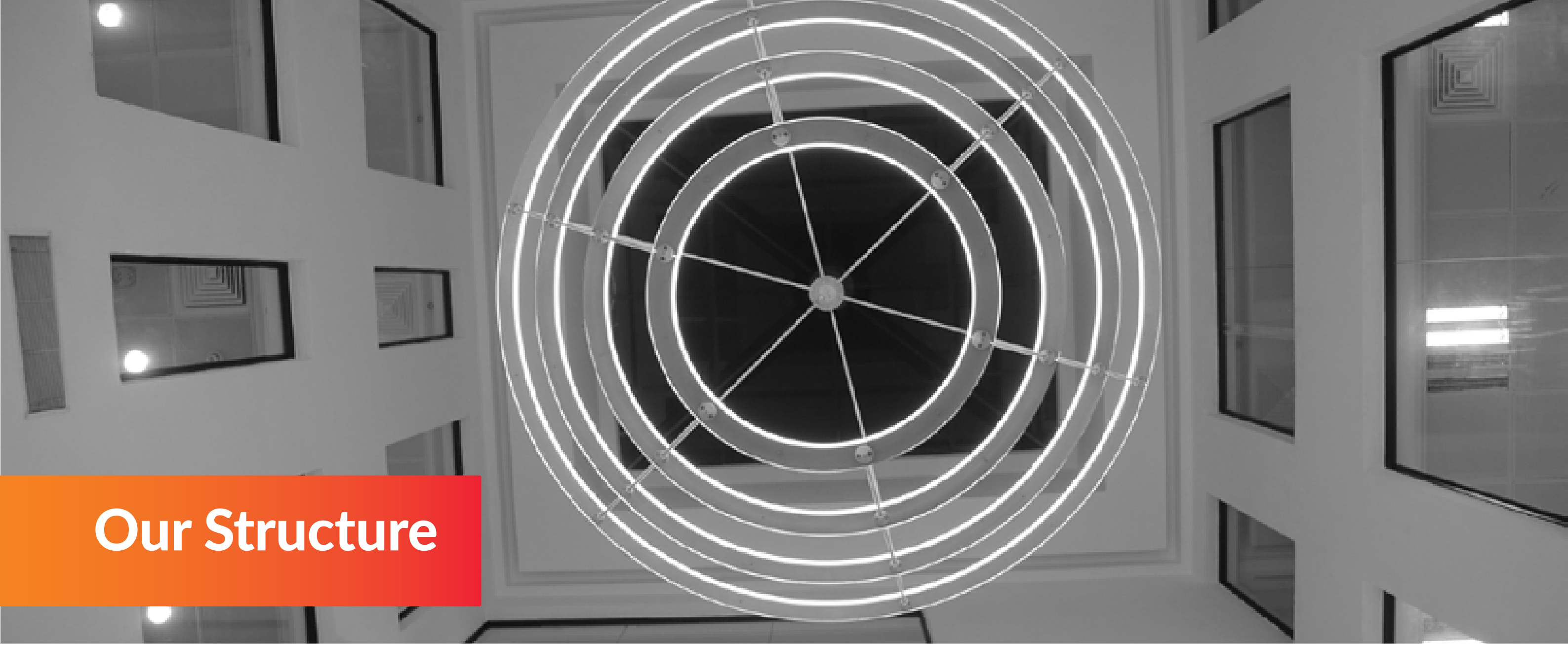
The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

On the basis of our work, the Board of Coronation Merchant Bank Limited has complied with the requirements of the Central Bank of Nigeria (CBN) Corporate Governance Guidelines (CGG) 2023 during the year ended 31st December 2023.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of Coronation Merchant Bank Limited 2023 Annual Report.

For: Ernst & Young

Abiodun Ogunoiki
Associate Partner, Financial Services Risk Management Lead, West Africa
FRC/2022/PRO/DIR/003/119476



Our Structure

How we are structured

The sustainability of our business performance is driven by our structure, people and processes, Coronation Merchant Bank delivers value through its spectrum of products that are relevant throughout the customer life cycle and across the entire customer value chain.

Coronation Merchant Bank

	Global Markets, Treasury & Financial Institutions	Corporate Banking Services	Investment Banking	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 build trust with high-net-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	• 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

Our Strategy

Our Strategy at Coronation is to provide world-class financial solutions by delivering strong returns and an excellent client experience while leveraging our local industry knowledge and 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 distribution network and 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 unrivalled market leadership is being driven by a combination of service excellence, product innovation, and market intelligence. This is the platform for success that creates sustainable value for our investors.

Creating strong client relationships

For us at Coronation Merchant Bank, we understand that the relationships we have built over time are critical to the success of our company. Our company, established since 1993, is only as strong as our customers and the partnerships we have formed.

We build connections and relationships at all levels of management in each client organization, and we work hard to maintain these relationships going in order to build trust.

We genuinely care about the success of our clients and partners and believe in best practices in client relationship management. However, we have proven to be an exception as we move beyond making business transactions to the value of authentic relationships.

Increasing our execution capacity to drive market coverage and penetration

Our comprehensive service offering is based on end-to-end synergies created within the group - we support our business with optimized trading, risk management controls, end-to-end internal processes, and robust IT platforms.

With our strong funding base and lean operating structure, we offer highly competitive pricing, driving out cost inefficiencies and providing exceptional value in comparison with our competitors.

In time, our market leadership will support a range of premium and enhanced products and services, backed by our influential reputation and track record.

Developing unrivalled market knowledge

Our people embody the very essence of the services and sectors on which they advise, providing unparalleled analysis, understanding, and knowledge of the African banking industry.

Our Sub-Saharan banking industry coverage model and in-house research capability provide all our clients with sector-specific knowledge, experience, and relationships.

This enables us to provide trusted financial advisory, accurate market intelligence, and intellectual property not available to our competitors.

Establishing new benchmarks for governance and risk management

Integrity, transparency, and high ethical standards are the cornerstones of our business. We operate a robust risk management framework, backed by a well-defined risk management strategy, philosophy, and culture. We work proactively with regulators to ensure that our standards of governance become the benchmark for our industry and that our standards are aligned with regulations.

What we do

We are focused on five principal areas: International Trade & Corporate Banking, Investment Banking, Global Markets & Treasury and Financial Institutions, and Private & Affluent Banking and Public Sector.

Coronation Merchant Bank

Trade and Corporate Banking	Investment Banking	Global Markets & Treasury and Financial Institutions	Private Banking and Affluent Banking	Public Sector
Financing	Capital Markets	Money Market	Premium Banking	Banking Services
Trade Solutions	Mergers & Acquisition Advisory	Fixed Income	Wealth Management	Collection Solutions
			Credit Facilities	Investment Solutions
Cash Management	Projects & Structured Finance	FX Trading and Derivatives	Estate and Trust Planning	Credit Facilities

Our distinct range of financial solutions create unlimited possibilities for you.

At Coronation Merchant Bank, we are committed to accelerating your financial goals with a diverse range of offerings designed to help you grow and preserve your wealth.

Speak to a Private Banker today

For more inquiries, contact us: pbg@coronationmb.com

Scan the QR Code to visit
our website or
Visit www.coronationmb.com

Trade and Corporate Banking Division:
Service/Product Offerings

The Corporate Banking group is responsible for Coronation Merchant Bank's corporate clients serving their unique and bespoke banking needs. The group focuses on delivering the best-in-class service leveraging our unique and unrivalled industry expertise to provide an array of wholesale financial services covering: Treasury, Structured Trade Solutions , and efficient working capital management solutions in these needs.

The group operates an optimal structure to support major sectors with a strategic aim of offering support across the entire value chains of their business. This involves providing financial services to a diverse range of clients, ranging from investment grade 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
- Payments (Domestic & International)
- Internet Banking
- Liquidity Management
- Money Market
- Currency Deposits

Achievements so far

None-withstanding the market realities of the outgone fiscal year, the division remained strong at supporting its esteemed clients. In 2023, we strategically grew a portfolio of high quality and select risk assets from N141billion to N290billion, also achieving a zero non-performing loan. Also, we extended more support to certain economic sectors such as maritime, agriculture and manufacturing, real estate and construction, general commerce (trading companies). This was a tremendous feat given the tight operating landscape and lean resources available in the past year. This was only possible due to the commitment and support of our esteemed clients who continue to motivate and propel us to new heights. Assuredly, the division will continue to provide all the support required for the various sectors we play in.

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 large-scale plantations, agro-processing, commodities trading to livestock farming and processing, agro-based trading.

Food and Beverages

The bank partners with key clients within the fast-moving 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.

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

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

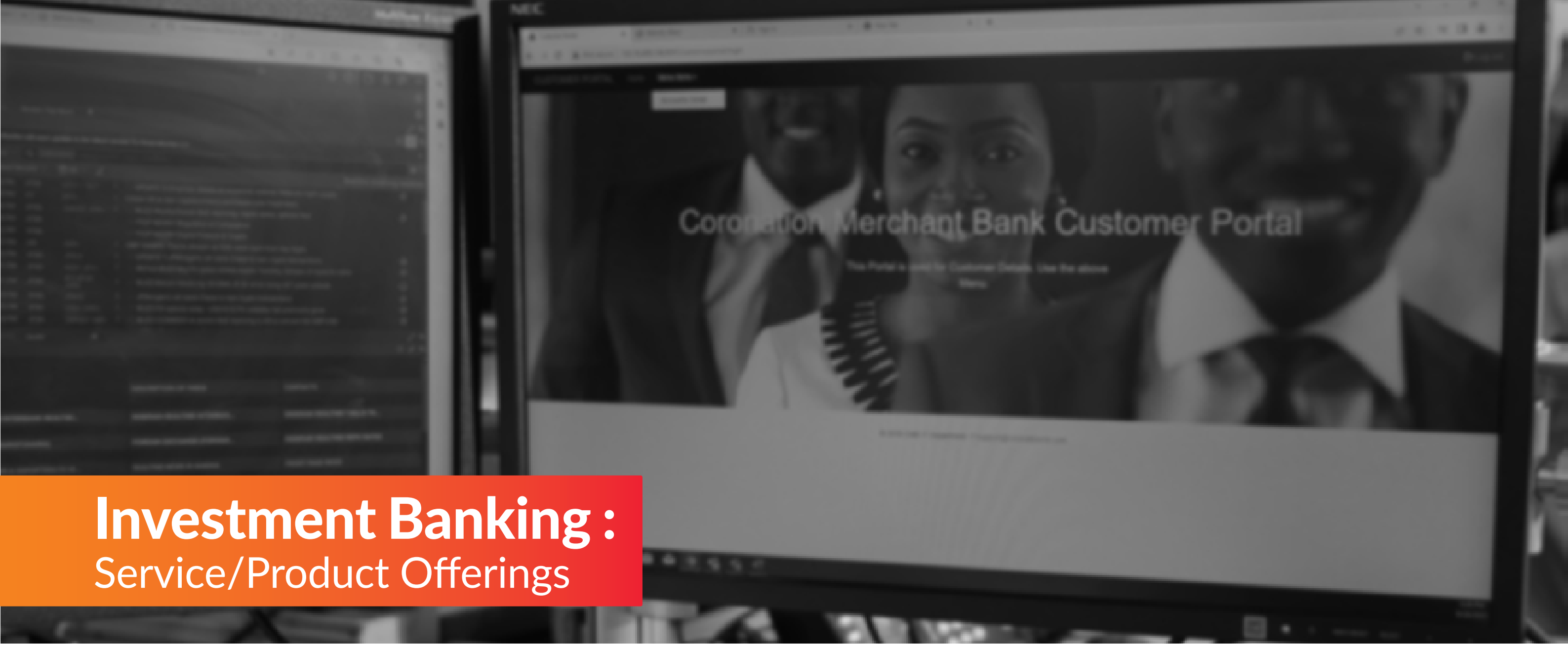
The Bank partners with clients in the construction sector spanning across commercial and industrial, residential and hospitality sector.

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.

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.



Investment Banking :
Service/Product Offerings

The Investment Banking Group of Coronation Merchant Bank Limited offers advisory and financing solutions to help our clients achieve their strategic aspirations. We focus on building long-term relationships with corporations, government, and other financial institutions by offering strategic financial advice, bespoke finance solutions and project finance structures 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 comprehensive 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.	• Government Bonds (Federal, State & Municipals) • Commercial Papers • Corporate Bonds • Green Bonds • Sukuk	• Buy Side M&A Advisory • Sell Side M&A Advisory • Takeover • Take Private • Tender Offering • Leveraged/ Management Buy Out • Distressed Sales	• Corporate Finance Advisory • Privatisation Advisory • Restructurings	• Project Finance Advisory & Structuring • Project Equity/ Mezzanine/Debt Syndications • Public-Private Partnerships (PPP)	• Syndicated Loans and Bridge Financing • Asset Based Financing and Securitisations • Capital Restructuring • Derivatives • Facility Agency and Intermediation

Sector Focus

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
• 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

We are proud of our achievements in 2023 to the domestic capital market which saw Coronation Merchant Bank Limited ranked 6th overall on the FMDQ Exchange Dealing Member (Banks) League Table for 2023. Of the 228 debt capital markets, 19 M&A and four equity markets transactions recorded in 2023, we closed 61 of these transactions acting as issuing house and adviser. The table below shows select transactions:

No	Client	Product	Transaction	Size	Role
1.	Access Holdings	Advisory	Structured Finance	US$300 Million	Financial Adviser
2.	MTN Nigeria Communications Plc	Capital Markets	Commercial Paper Issue	₦125 Billion	Joint Arranger
3.	Lagos State	Capital Markets	Bond Issue	₦115 Billion	Joint Issuing House
4.	Dangote Cement Plc	Capital Markets	Commercial Paper Issue	₦76 Billion	Joint Arranger
5.	MTN Nigeria Communications Plc	Capital Markets	Commercial Paper Issue	₦72.1 Billion	Joint Arranger
6.	Dangote Cement Plc	Capital Markets	Commercial Paper Issue	₦60 Billion	Joint Arranger
7.	Flour Mills Nigeria Plc	Capital Markets	Bond Issue	₦46 Billion	Joint Issuing House
8.	Ogun State Government	Capital Markets	Bond Issue	₦30 Billion	Adviser & Lead Issuing House
9.	Edo State Government	Capital Markets	Bond Issue	₦15.3 Billion	Joint Issuing House
10.	Coleman Technical Industries Limited	Capital Markets	Commercial Paper Issue	₦14.1 Billion	Joint Arranger

Business Opportunities, Outlook & 2024 Priorities

The reforms of the present administration, especially, the return to orthodox monetary policy, and the unification of exchange rates, are positive developments which have impacted financial and capital markets. We envisage an uptick in the issuance of equity securities due to the rising equities market and plans by Nigerian banks to shore up their regulatory capital. Moreover, as Nigeria's monetary authority continues its tightening to achieve positive real interest rates, we expect corporates to alter their capital structure towards patient capital to unlock shareholder value.

We foresee a return to a private sector led economic growth that will attract both domestic & foreign capital. Consequently, our priority is to deepen existing relationships and to engage in targeted and strategic relationships with participants in sectors that are growing and/or consolidating. We intend to leverage on the Coronation ecosystem to build capacity to not only act as advisors, but to also finance transactions. Our aim is to ensure we provide a suite of services for us to maintain a share of mind with clients.

Global Markets, Treasury & Financial Institutions:

Service/Product Offerings

Global markets and Treasury consists of securities trading- which oversees the Bank's investment securities portfolio and market making in the fixed income and foreign exchange markets; the Treasury Sales and Financial Services unit that works closely with clients to deliver personalized treasury solutions and the Asset and Liability Management unit tasked with ensuring a healthy liquidity position is always maintained by the bank by ensuring effective optimization of the balance sheet.

Product Offerings

Money Markets:

Tenured deposits, Treasury bills, Commercial Papers, and Negotiable Certificate of Deposit.

Fixed Income:

Treasury Bills, LCY Bonds, Eurobonds, Fixed Income Settlement, Interest rate derivatives and Repos.

FX/Structured Products:

Foreign exchange spot, Derivatives, forward (Discounted Forward and Non-Deliverable Forward), Swaps.

Sector Focus

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

Achievements so far

Moved up to clinch first position in Bonds and maintained a top 3 ranking in traded volumes across Treasury Bills in 2023.

Business Opportunities

Fixed income Proprietary trading and market making are expected to create new opportunities in 2024 as market embraces interest rate products (derivatives) and liquidity in the cash markets are likely to drive activities 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.

Outlook & 2024 Priorities

Gradual reduction in Global recession concerns in developed markets implies interest rates are likely to decline in 2024 albeit marginally, this will be a positive move for the foreign currency balance sheet with lower cost of funding and new refinancing options. The outlook for foreign currency funding in support of the trade finance opportunities remain incredibly positive.

The domestic markets continue to react to macroeconomic headwinds from high inflation to fragile economic growth alongside a weakening currency. While the monetary policies authorities through various means will continue to aim at price stability, therefore opportunities in fixed income market.

The monetary authority actions is expected to drive activities amongst many players in the market and we continue providing a platform for our customers to execute their trades seamlessly.

Private Banking and Affluent Banking:
Service/Product Offerings

The Private & Affluent Banking group offers a bouquet of solutions targeted at delivering value and meeting the diverse needs and goals of high-net worth individuals and their families.

Premium Banking	Current Account Investment Account Domiciliary Account
Wealth Management	Fixed Deposits Treasury Bills Commercial Papers Bonds High Yield Notes Equities
Credit Facilities	Investment Backed Lending Specialty Financing Real Estate Financing Personal Loans
Lifestyle	Gallery Sponsored Events

This is a highly informed and discerning target market, so our range of product and service offerings are carefully developed to ensure wealth creation, preservation, and transfer.

> "The Private/Affluent Banking Group provides a comprehensive suite of solutions meticulously tailored to deliver value and cater to the multifaceted needs and aspirations of high-net-worth, affluent individuals and their families."

Product And Services

Our banking services enable customers to operate current and domiciliary accounts conveniently through our mobile app and internet banking. Other product offerings range from the following lending solutions to the various investment options:

Lending Solutions	Investment Options
• Overdrafts • Real Estate Financing • Investment Backed Lending • Specialty Financing • Personal Loans	• Fixed Deposits • Treasury Bills • Commercial Papers • Bonds • High Yield Notes

Sector Focus

Private and Affluent banking focuses on the high end of the retail pyramid which cuts across Ultra High Networth, High Networth and Affluent individuals. The individual profiles range from board and executive management of companies, business moguls, successors of inherited wealth, young professionals, retirees, entertainers, elite capitalists, and Politicians.

Achievements so far

With a well informed and discerning target market, our range of product and service offerings are carefully developed to ensure wealth creation, preservation, and transfer. Our partner institutions enable us to provide a one-stop shop to enable diversification of investments. As a testament to this fact, the AUM portfolio within Private Banking in 2023 grew by N10 billion. In addition, 2 new products were launched, a personal loan product and a foreign currency liability product.

Business Opportunities

The outlook for 2024 is very promising. New business generation is a key focus. Through active participation in networking events and consistent customer engagements, account sign on would be achieved, consequently resulting in asset and deposit growth. Deepened collaborations with the partner institutions would result in another year of significant AUM growth while products and service launches are expected to continue, starting with the launch of the Coronation Visa infinite card. The team on ground is committed to the deliverables for 2024 and look forward to a successful year.

Public Sector:
Service/Product Offerings

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.

Banking Services	Current Account Call Account (LCY & FCY) Domiciliary Account
Collection Services	Taxes and Levies Statutory Fees
Investment Solutions	Fixed deposit(NGN & FCY) Treasury Bills
Credit Facilities	Contingent credits (Bonds and Guarantees to government counterparties)

Product 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

- State and Federal Government Entities
- Public Institutions

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

Outlook and 2024 Priorities

The outlook for the public sector may be influenced by the pace of economic recovery and the implementation of fiscal policies aimed at stimulating growth and addressing social and economic challenges. Governments may continue to prioritize investments in healthcare, infrastructure, education, and social services to support recovery efforts.

Governments may accelerate their digital transformation initiatives, leveraging technology to improve revenue collections, service delivery, enhance efficiency and promote transparency in governance. This could create opportunities for banks and other service providers to offer digital solutions tailored to the needs of the public sector.

Governments may increasingly turn to public-private partnerships as a mechanism for delivering public services and infrastructure projects efficiently while leveraging private sector expertise and capital. Banks and financial institutions could play a key role in structuring and financing PPPs, facilitating investment in critical sectors such as transportation, energy, and healthcare.

Our priorities are to strengthen our collections drive while exploring opportunities to offer be-spoke services to government entities leveraging on technology, funds management and superior financial advisory services.

Operations And Information Technology

OPERATIONS

The Operations division continues to play a critical support role in the Bank's business units. Given the global reality on digitalization, the Operations division leads the conversation on the infusion of digitalization into processes and how transformational agenda can be realized by moving from the traditional way to empowering customers to self-serve with little reliance or assistance.

Functions of Operations Division

Seamless execution of all client and proprietary transactions using risk free processes and procedures remains the key focus and core functions of the Operations division. To ensure this is realized, the division is structured to include units and departments that specialize in various aspects of Operational tasks. The functions include Trade Operations, Treasury Operations, Credit Operations, Domestic Operations, eChannels Operations (Card Management), Customer Service, Customer Experience Management and Reconciliations. The division's activities are coordinated into processes that provide transactional execution and assurance to the business of the Bank.

OPERATIONS IN 2023

In view of the economic situation around the world in 2023, we experienced certain shift in the plans we had within the Operations Division. Our primary objective for the year was enhancing customer satisfaction, going live on our card's operations, and attaining favourable audit ratings from both internal and external evaluators.

Firstly, we have continued to embrace the new normal of digital work methods that were initiated in 2021. We have continued to drive our remote work initiatives enabling staff to work from any location without challenges as we also foster collaboration. More automations and digitalization projects have been finalized by team ensuring transactions are completed within shorter timelines.

Secondly, we focused more on the improvement of our digital channels and back-office platforms. We had more engagements with our stakeholders ensuring we provided our clients with exceptionally services.

Additionally, certain bottlenecks were eliminated to ensure quicker transaction processing and empowering our customers through self-service platforms. Strategic alignment with internal units was a key priority for the division which was achieved to a good working percentage.

Lastly, our operations division continues to be the cornerstone of our initiatives, and we recognize the invaluable contribution of our people. Therefore, we are committed to providing them with the necessary resources to successfully execute these priorities in 2024.

OPERATIONS IN 2024

As our primary aim is to enhance customer satisfaction, we are very keen on going fully digital. Digital transformation has shifted to a new phase where businesses must compete to differentiate themselves and provide services that cater to employee and customer demands alike.

With a growing need to deliver stand-out features, we have unlocked the creativity of employees, and this is backed with intelligent technologies to enable us focus more than just on financial results but delivering outstanding customer journeys and boosting productivity in the Bank.

This has kick started and it is safe to say it is work in progress. We aim for speed and accuracy in resolving customer complaints, incorporate learnings from leading Industries on what they do differently to wow customers and push for more functional and seamless digital channels.

2024 for us in Operations is a call for a Paradigm Shift in our mindset when it comes to Customers, i.e., a daily reminder that our goal is to help our customers solve problems and make their day-to-day functions and transactions seamless. This will be very key in helping those on the frontline diffuse the tension and create a lifelong productive relationship for all parties.

INFORMATION TECHNOLOGY

Information Technology in Coronation Merchant Bank plays a strategic role in enabling the bank deliver innovative products and services, enhance operational efficiency, and ensure robust cybersecurity measures.

In the past year, we focused on several strategic priorities to align technology systems with the bank's business objectives. This report highlights key accomplishments and future plans in driving and supporting the bank's digital strategy and goals.

KEY ACHIEVEMENTS IN 2023

Below are some of the key achievements of the Technology department in 2023. These achievements were driven by our planned growth and future size.

- Infrastructure was scaled up and out
- The core banking application was refactored and shifted to newer infrastructure.
- Network Revamp – this has unlocked new and safer possibilities in the way our services are connected and delivered to our customers
- Integrations with our Corporate Clients' enterprise systems for efficient and effective partnership for both Payments and Collections
- Optimization of our Mobile and Internet Banking channels
- Implementation of a Transaction Monitoring Solution
- Implementation of Transaction Screening for Outward transactions
- Automation of CBN FX Blotter Reporting
- Implementation of a Consolidated Contact Centre Solution
- Innovative Automations
- Enhancement of cybersecurity measures to mitigate risks and protect customer data. E.g. SIEM Upgrade, Data Masking, etc.
- Deployment of key customizations to our Core Banking systems for account management and loan processing.

OUTLOOK FOR 2024

Our drive for 2024 is to execute our digital strategy and achieve ambitious growth objectives over the next four years. Our primary focus is on transitioning from legacy linear business practices to dynamic platform-based business models. This strategic shift aims to foster innovation, enhance operational efficiency, and position Coronation Merchant Bank as a leader in the digital era. The digital strategy for the Bank is being driven by the Technology team whose focus is to enable the business grow new product lines, create new possibilities for existing product lines and improve the contributions of our product lines to the profitability of the Bank.

Key initiatives that will help us achieve this are:

- A responsive Corporate Internet Banking solution.
- Robust bulk processing engine for our corporate clients
- Premium (Top of the Range) Payment Cards to our customers
- Digital Account Opening
- Robust Payment & Collections Capabilities
- Digital Loan Automation System
- Smart notification systems
- Integrations with top switches in Nigeria
- Integrations with corporates
- High availability across sites

Governance

The Board

Board Composition and Role

The Board is made of eleven (11) members, consisting of eight (8) Non-Executive Directors (including the Chairman and three (3) Executive Directors. Among the non-executive directors, two 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:

Chairman

Mr. Babatunde Folawiyo

Directors

Mr. Adebanjo Adegbohungbe	- Managing Director/Chief Executive Officer
Mr. Paul Abiagam	- Deputy Managing Director
Mrs. Funke Feyisitan Ladimeji	- Executive Director/Chief Operating Officer
Ms. Evelyn Oputu	- Non-Executive Director
Mr. Larry Ettah	- Non-Executive Director
Mr. Adamu Atta	- Non-Executive Director
Mr. Idaere Gogo Ogan	- Non-Executive Director
Mrs. Olubunmi Fayokun	- Non-Executive/Independent Director
Mr. Olukayode Akindele	- Non-Executive Director
Mr. Olayinka Tiamiyu	- Non-Executive/Independent Director

Below are the profiles of the Board members.

Mr. Babatunde Folawiyo
Non-Executive Director (Chairman)

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 interest in an oil producing field outside of the Niger-Delta in Nigeria.
- Folawiyo Energy Limited, a subsidiary of the Yinka Folawiyo Group in partnership with Glencore Energy. The Company runs a World Class petroleum storage facility.

A testament to his dedication to intellectual pursuits, Mr. Folawiyo holds a distinguished academic background, graduating from the London School of Economics (LSE) with a B.Sc. in Economics, an LL.B. and an LL.M. in Law. This blend of economic and legal expertise has proven invaluable in his various leadership roles.

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 sector.

Mr. Folawiyo did serve 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, 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 formed after his retirement as the Group Managing Director/Chief Executive Officer of UAC of Nigeria Plc (UACN) in 2018.

He holds B.Sc. degree in Industrial Chemistry (1985) and 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 also has 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 election as President of the Nigeria Employers' Consultative Association (NECA), as well as Vice President (Multinationals) of Manufacturers Association of Nigeria (MAN). Also, he is a past council member of the Lagos Chamber of Commerce & Industry (LCCI). Mr. Ettah 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. Equipped with a strong foundation in Business Administration (B.Sc., University of Lagos) and a strategic understanding of General Management (PGD, Harvard Business School), Ms. Oputu's career has been a testament to her dedication to the financial sector.Before her retirement in 2014 as the Managing Director of Bank of Industry, Ms. Oputu had worked in several banks in Nigeria (commercial, merchant and industrial) including Icon Merchant Bank, International Merchant Bank and First Bank of Nigeria PLC where she left as executive director. Within the period, she gained significant experience while traversing the entire spectrum of banking operations in the areas of credit and marketing, corporate finance, corporate banking, investment banking amongst 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 which inlcude; 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 to provide bespoke consulting services funded by the World Bank, African Development Bank, Department for International Developments, and the United Nations Development Programme, amongst others.

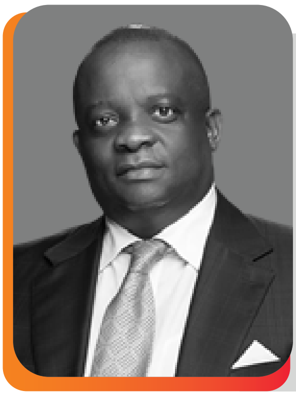
He has several years of experience chairing and serving on many boards, including WAPIC Insurance Plc, Coronation Merchant Bank Limited, Cinafindev Nigeria Limited, UNITEK Modular Builders Nigeria Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited, Supertex Limited, Nigerian Tourism Development Corporation, Nigerian Industrial and Competitiveness Advisory Council amongst others.

Mr. Atta holds a B.A. (Honours) in International Relations/International Economics from the United States International University (USIU) in San Diego, a Master of Arts (M.A.) in International Development Economics from the University of California (UCLA) in Los Angeles, and a Master of Science (M.Sc.) in Political Science from Ahmadu Bello University in Zaria.

Mr. Atta has been appointed to various committees in the oil, gas and textile industries and to 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) and was involved in the creation of the accounting model which tracks development in 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



Mr. Idaere Gogo Ogan
Non-Executive Director

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.

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, surpassing targets consistently with entities like 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) and 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)

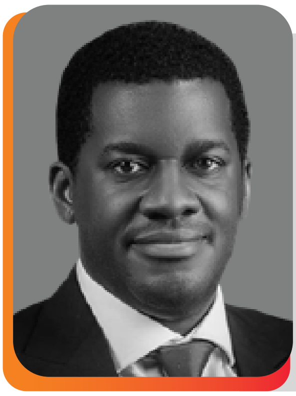
Ms. Olubunmi Fayokun, a Barrister with a Bachelor of Laws (LL.B) degree, is a Senior Partner in the law firm of Aluko & Oyebode, a member of the firm's Management Board and heads the firm's Capital Markets and M&A practice groups. Prior to joining the firm, she was the Legal Adviser/Company Secretary 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. She is also recognised by IFLR1000 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.



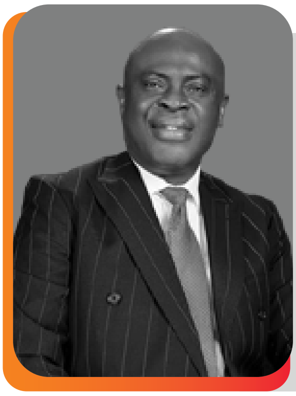
Mr. Olukayode Akindele
Non-Executive Director

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 in UBA Global Markets (now United Capital) in Lagos initially to head the Sales & Structuring Team and later heading 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 which was 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 Economy & Finance Sub- Committee of President Muhammadu Buhari's for the 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 Audit 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 University of Ibadan in 1986 and 1990 respectively. In 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 started his illustrious career, which spanned a period of 32 years, with 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 about 22 years in Access Bank Plc and 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 Wharton Business Schools and was the 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:

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

Mr. Banjo Adegbohungbe
Managing Director/Chief Executive Officer

Banjo has over 31 years of banking experience in operations, technology, product management, relationship management and treasury. He obtained a B.Sc in Mechanical Engineering from the Obafemi Awolowo University, Ile Ife in 1992 and a MBA from IMD in 2017. He is a fellow of the Chartered Institute of Bankers of Nigeria.

Banjo spent 14 years in Citibank Nigeria (formerly Nigeria International Bank Ltd) in various functions including technology, business process improvement, and trade operations, rising to become the Head, Trade Operations in 2005 prior to joining Access Bank in March 2007. He was at various times Group Head, Global Trade, Group Head, Global Payments, and Group Head, Corporate Operations before joining Coronation Merchant Bank as Executive Director and Chief Operating Officer in charge of charting a strategic direction for the back office, technology and electronic/digital channels for the Bank. In July 2019, the Central Bank of Nigeria ("CBN"), in line with the Bank's succession plan, approved the appointment of Banjo as a Deputy Managing Director of the Bank and in May 2020, he was appointed the Managing Director/CEO of Coronation Merchant Bank.

Banjo is a member of the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

Mr. Paul Abiagam
Deputy Managing Director

Mr. Paul Abiagam obtained a B.Sc. in Botany from the University of Benin in 1995 and an MBA in Management from Lagos Business School in 2014. He became an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria in 2011. He is also a Fellow of both the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants in the United Kingdom. Additionally, he holds membership in the Chartered Institute of Directors, Nigeria. Notably, he is an alumnus of the prestigious Lagos Business School.

Paul started his banking career at Diamond Bank Plc as an Executive Trainee in 1998 and became an Assistant Manager before joining GTBank in 2005 as a Deputy Manager & Branch Head, Commercial Banking. He rose to the level of General Manager and Divisional Head, Commercial Banking in 2018 before his appointment as the Divisional Head, Corporate Banking, Lagos Island, in 2019. In January 2022, he was appointed as the pioneer Managing Director/CEO of Guaranty Trust Pension Managers Ltd. He was a Non-Executive Director of Guaranty Trust Bank, Cote D'Ivoire between June 2018 and March 2023.

Paul was appointed as the Deputy Managing Director of Coronation Merchant Bank Limited in December 2023 and is a member of the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

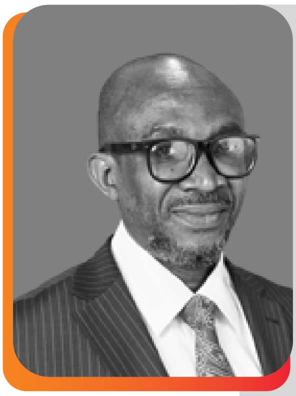
Mrs. Funke Feyisitan Ladimeji
Executive Director/Chief Operating Officer

Funke, a highly accomplished financial professional with a strong academic foundation in Economics (BSc, Brunel University, London) and Geography (MSc, Queen Mary University, London), is a uniquely skilled and experienced Investment Banking Executive, with a global career spanning both Markets and Corporate Finance businesses, across multiple regions, financial products, and functional areas. She has an unparalleled track record in driving wallet share and revenue growth, as well as restructuring businesses and leading businesses to new levels of success. She has expertise across a broad range of functions including Business Transformation (organic and inorganic), Business Strategy and Planning, People Leadership, Digital and Technology Innovation, Banking Operations and Accounting.

Funke was at JPMorgan Chase for fifteen years where she was an Executive Director responsible for several Investment Banking and Markets businesses and her remit spanned EMEA, Americas and Asia Pacific regions. Thereafter, she moved to FBN Quest Group as Director and Chief Operating Officer. She was at FBN Quest Group for seven years during which her responsibilities spanned Technology, Operations, Finance, Human Capital, General Services, while she championed and drove multiple strategic initiatives. She also served on several FBN Quest Group entity Boards and on several Governance Committees.

Funke believes in giving back by developing and empowering women. She is a member and first vice chairman of the Association of Women Bankers of Nigeria, a member of WIMBIZ (Women in Management and Business), she set up the QuestWin (Women Network of FBNQuest Group), and she is a member of Amazon Professionals, a network of cross-sector professional women in Nigeria. Funke mentors new entrants and incumbents in the Financial Services and in other sectors.

Funke is a member of the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

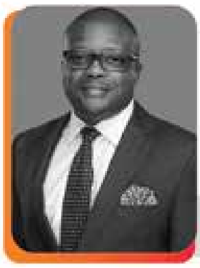


Mr. Stanley Ubani
Company Secretary

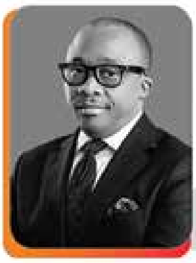
Stanley graduated with a Second-Class Upper in Law from Abia State University in 1996 and a Second-Class Upper from the Nigeria Law School in 1997. He was called to the Nigerian Bar in 1998. He is a Chartered Secretary and Administrator, a holder of a postgraduate Diploma in International Dispute Resolution and an LL.M Degree in International Commercial Law from the University of London. He is also an Alumni of Lagos Business School and a member of the Executive Committee of the Association of Banks Company Secretary and Legal Adviser (ABLACS). Stanley is an honourary senior member of the Chartered Institute of Bankers of Nigeria.

Stanley has over 20 years of banking industry experience with core competencies in Legal Advisory, Dispute Management, Credit Documentation and Control, Insolvency Practice, Company Secretarial Services and Corporate Governance. He was the Head, Legal Services Division in Keystone Bank Limited for about seven years before his appointment as the Company Secretary/Legal Adviser of Coronation Merchant Bank Limited.

Senior Management Team

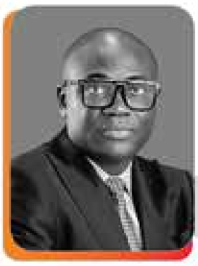


Mr. Banjo Adegbohungbe
Managing Director/ Chief Executive Officer

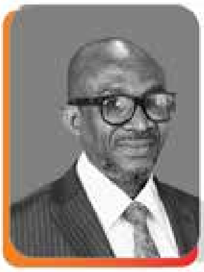


Mr. Paul Abiagam
Deputy Managing Director

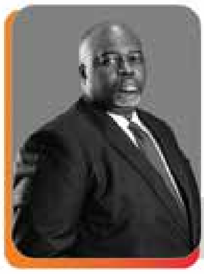
Mrs. Funke Feyisitan Ladimeji
Executive Director/ Chief Operating Officer



Mr. Saheed Alamutu
Chief Risk Officer

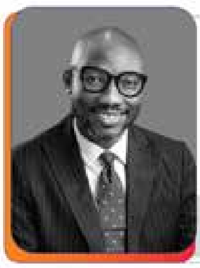


Mr. Stanley Ubani
Company Secretary/ Legal Adviser



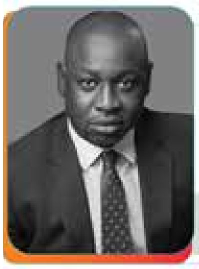
Mr. Ademola Adekoya
Head, Corporate and Investment Banking

Mrs. Ihunanya Onuoha
Group Head, Operations



Mr. Arini Awotunde
Chief Financial Officer

Mr. Ibrahim Bello
Chief Compliance Officer



Mr. Taiwo Olatunji
Group Head, Investment Banking

Mrs. Adeola Awe
Chief Audit Executive

Whistle Blowing Procedure Report

In line with the bank's Whistle Blowing Policy, Coronation MB 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
- Globacom: 0705 889 0140
- MTN: 0703 0000 026 | 0703 0000 027
- Airtel: 0808 8228 888 | 0708 0601 222

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 2023

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 practices 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 the 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 of 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 homogenous high awareness for E&S
- Incorporating sustainable banking into its Enterprise Risk Management practices
- Making sustainability banking a key part of decision making
- Evaluating on an annual basis the risk maturity and the sustainable banking maturity of the institution.

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) Commitment to Accountability: Coronation MB 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 CMB 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 refer to the provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (corporate advisory, structured lending and capital, trading), equity investments, project finance, project finance advisory, structured commodity finance, trade and leasing, and other forms of direct lending.

**Business Operations refer to the undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that the bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third-party providers engaged by a bank in the course of facilitating its Business Operations and Business Activities.

Applicable E & S Standards

Coronation MB 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) 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 MB'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) Governance 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 all 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.

In lending/investment transactions where the use of proceeds is known and a clearly defined E&S footprint, the Bank's requirements regarding ESRM will apply to the specific activities being financed. Additionally, Coronation MB will also take into consideration its clients' ability to manage E&S risks consistently across all 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 MB 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.

Other Items which the Bank shall not finance:

* To support act/acts of terrorism
* To purchase illegal fire arms
* To support illegal military activity
* To support production and distribution of illicit drugs
* Racist or anti-democratic media
* Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations
* Any business relating to pornography or prostitution
* Significant conversion or degradation of Critical Habitat; Production and distribution of racist and anti-democratic media
* Significant alteration, damage, or removal of any critical cultural heritage; or
* Relocation of Indigenous Peoples from traditional or customary lands.

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 a 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.

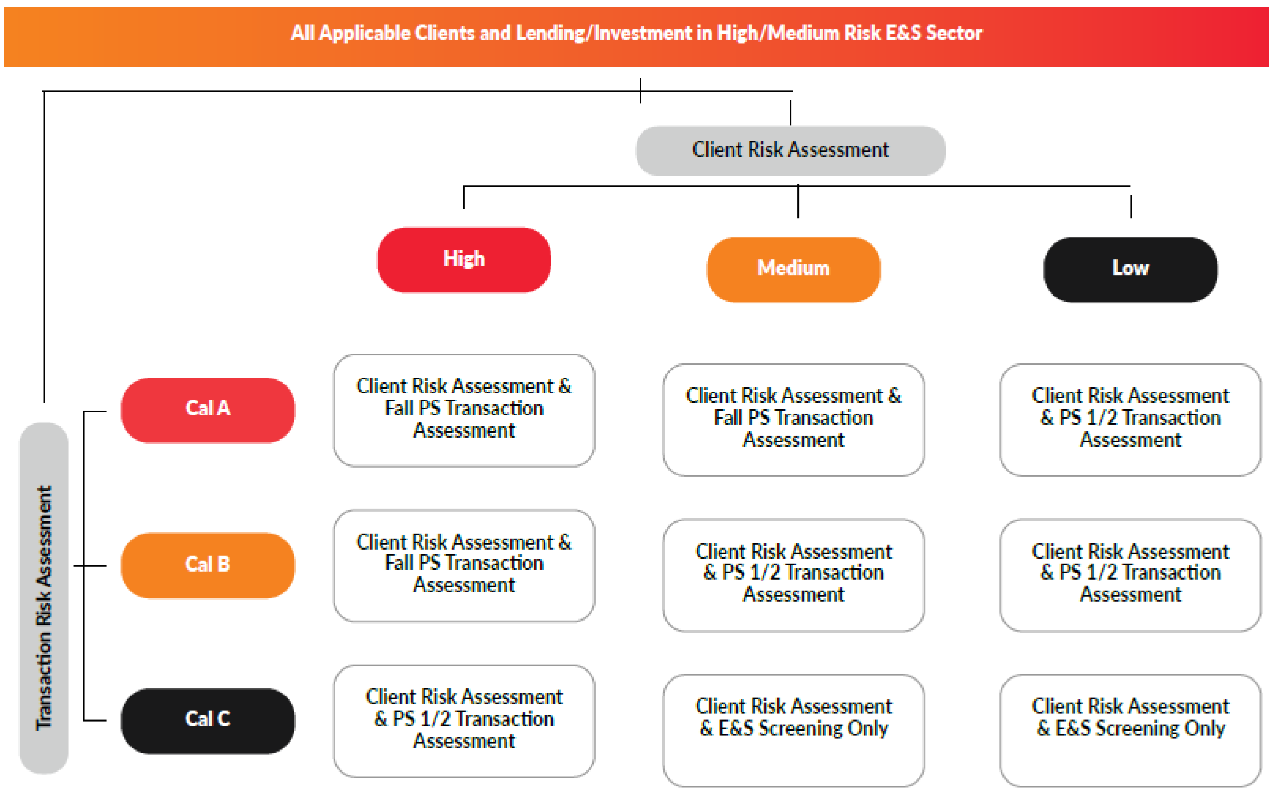
* TRANSACTION E&S RISK CATEGORISATION

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 RATINGS	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 Impact	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 Assessment

The Bank documents all findings from the E&S due diligence, which are considered during the decision-making process before proceeding with a transaction. The scope of a corrective action plan to each client is tailored according to the specific risks identified during the E&S due diligence 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 comply with 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 an acceptable 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 be taken by the client, a timeframe for implementation and a reporting requirement to inform the bank on the status of completion.

iv. Environmental & Social Risk Monitoring and Reporting

Coronation MB'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 MB'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 as well 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 ensures that members of staff are adequately educated about the bank's policy on social and environmental management. To this end, the bank conducts bank wide awareness and trainings on a regular basis. Coronation MB endeavors to train staff on a regular basis (e.g. through internal or third-party training, on-line or in-class) on E&S risk and opportunities management (including on human rights issues), and on how E&S considerations are integrated into the bank's decision-making activities.

The E&S Officer, with support from the Human Resources Department and where necessary from third-party training providers, provides training to relevant staff on E&S risk management. Quarterly sensitizations on suatainable banking via emails and bulletins were also leveraged. During the review year, the Bank hosted a webinar titled The Sustainability and Responsible Financing Webinar, which was attended by all Bank employees, as well as external invitees and guests.

The bank also participates actively in the monthly Sustainability sTeering and Champions meetings organized by the Central Bank of Nigeria where capacity is developed to address the Environmental and Social risks faced by individual banks and the banking sector as a whole. The Bank hosted the NSBP steering committee meeting within the review period.

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 – **30%**
- percentage of females in management positions– **30%**
- percentage of females on the Board of Directors – **40%**

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.

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 of Nigeria 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, 2023

Company Secretary
Mr. Stanley Ubani

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

E: cmb@coronationmb.com
W: 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 have the pleasure in presenting their report on the affairs of Coronation Merchant Bank Limited ("the Bank") and the Bank's Audited Financial Statements with the External Auditors' Report for the financial year ended December 31, 2023.

1. Legal Form

The Bank was incorporated in Nigeria as a Private Limited Liability Bank on October 22, 1992. It was granted license by the CBN on July 30, 1993 to operate as a discount house and commenced business on August 2, 1993. However, due to regulatory imperative, Associated Discounted House Limited sought for and obtained a Merchant Banking license on April 30, 2015 but commenced operations on 1st of July 2015.

2. Strategic Direction

a. To be the most efficient and profitable bank in the merchant banking space with a lean and highly productive workforce.
b. To leverage technology to drive operational excellence.
c. To develop specialist capabilities required to become an investment bank of reference.
d. 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, Treasury and Financial Institutions
- Private Banking and Wealth Management
- Public Sector and Business Banking
- Products & Channels

4. Ownership of the Bank

As at December 31, 2023, the shareholding structure of the Bank consisted of 14 institutional investors with the details and holdings shown below:

No	Shareholder	Holding as at December 2023	% Holding as at December 2023	Holding as at December 2022	% Holding as at December 2022
1.	Coronation Insurance Plc	1,799,958,480	24.10	1,151,522,548	22.57
2.	Marina Mars Proprietary Investment	1,792,709,302	24.00	1,146,884,889	22.48
3.	Coronation Capital (Mauritius) Limited	1,051,240,060	14.07	672,530,308	13.18
4.	Coronation Registrars Ltd.	637,494,273	8.54	407,836,646	8.00
5.	Barracuda Capital Partners Limited	381,662,123	5.11	235,397,741	4.61
6.	Coastal Properties Limited	377,358,491	5.05	377,358,491	7.40
7.	DTD Holdings Limited	353,912,105	4.74	226,415,094	4.44
8.	Mikeade Investment Company Limited	283,018,868	3.79	283,018,868	5.55
9.	Cream Cowry Links Limited	265,434,079	3.55	169,811,321	3.33
10.	Afdin Construction Limited	188,679,245	2.53	188,679,245	3.70
11.	TrustBanc Holdings Limited	168,253,300	2.25	103,773,585	2.03
12.	Tigrine Technologies Limited	81,887,030	1.10	50,505,462	0.99
13.	Tropics Finance & Investment Limited	68,449,624	0.92	68,449,624	1.34
14.	Tonibso Limited	18,867,925	0.25	18,867,925	0.37
	Total	***7,468,924,905.00**	**100%**	**5,101,051,747.00**	**100%**

Notes

The Bank embarked on a rights issue in 2023 through which it raised a total of N9,249,912,387.54 by the allotment of 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 and requested for additional information regarding N867,641,409.53 raised from 245,096,443 units of ordinary shares. The Bank has provided further information to the CBN for approval of the outstanding funds.

5. Analysis of the Shareholding Structure

The shareholding pattern of the Bank as at December 31, 2023 was as follows:

Range	Number of Shareholders	% of Shareholders	Number of Shares Held	% of Shareholding
10,000,000 – 50,000,000	1	7.14	18,867,925	0.25
10,000,000 – 50,000,000	2	14.29	150,336,654	2.01
50,000,001 – 100,000,000	0	0.00	0	0.00
150,000,001 – 200,000,000	2	14.29	356,932,545	4.78
200,000,001 – 250,000,000	0	0.00	0	0.00
250,000,001 – 300,000,000	2	14.29	548,452,947	7.34
300,000,001-400,000,000	3	21.43	1,112,932,719	14.90
400,000,001 and above	4	28.57	5,281,402,115	70.71
	14	**100**	**7,468,924,905**	**100**

6. Substantial Interest in Shares

According to the register of members at December 31, 2023, the following shareholders held more than 5% of the issued share capital of the Bank:

S/N	Shareholder	Number of Shares Held	% of Shareholding	Number of Shares Held	% of Shareholding
		December 31, 2023		**December 31, 2022**	
1.	Coronation Insurance Plc	1,799,958,480	24.10	1,151,522,548	22.57
2.	Marina Mars Proprietary Investment	1,792,709,302	24.00	1,146,884,889	22.48
3.	Coronation Capital (Mauritius) Limited	1,051,240,060	14.07	672,530,308	13.18
4.	Coronation Registrars Ltd.	637,494,273	8.54	407,836,646	8.00
5.	Barracuda Capital Partners Limited	381,662,123	5.11	235,397,741	4.61
6.	Coastal Properties Limited	377,358,491	5.05	377,358,491	7.40

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 are recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 277 of the Companies and Allied Matters Act 2020 is noted below:

Number of Ordinary Shares of N1.00 each held as at:				
	December 31, 2023		December 31, 2022	
Director	Direct	Indirect	Direct	Indirect
B. Folawiyo (Chairman)	-	353,912,105	-	226,415,094
L. Ettah (Non-ED)	-	381,662,123	-	235,397,741
E. Oputu (Non-ED)	-	-	-	-
A. Atta (Non-ED)	-	-	-	-
I. Ogan (Non-ED)	-	-	-	-
O. Fayokun (Independent)	-	-	-	-
O. Akindele (Non-ED)	-	-	-	-
O. Tiamiyu (Non-ED)	-	-	-	-
A. Adegbohungbe (GMD/CEO)	-	-	-	-
Feyisitan F. (ED)	-	-	-	-

8. Details of Indirect Holdings of Directors

The indirect holdings relate to the holdings of the under-listed companies:

S/N	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 Bank makes disclosure of the remuneration paid to its directors as follows:

Type of Remuneration	Description	Timing of Payment
Fixed Pay	The Executive Directors receive fixed pay which is made up of basic salary and other salary components that are part of the gross salary package for Executive Directors. The pay structure reflects the banking industry 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 gross salary package for Executive Directors only. It reflects the banking industry 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 their performance. 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% 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 Committees Meetings.	Paid after each Meeting.

10. Retiring Directors

Two Independent Non-Executive Directors of the Bank, Mrs. Suzanne Iroche and Mr. Babatunde Dabiri, retired in April 2023 after completing their statutory tenure on the Board.

11. Directors Retiring by Rotation

The Directors to retire every period shall be those who have been longest in office 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. Babatunde Folawiyo, Ms Evelyn Oputu and Mr. Larry Ettah 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 the purpose of Section 303 of the Companies and Allied Matters Act 2020, the Board did not receive, during the financial year, any declaration of interest from any Director 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	Beneficiary	Purpose	Amount
1.	Ovie Brume Foundation	Development of under-privileged communities.	2,315,000
2	Dreamland Foundation	Development of under-privileged communities.	1,000,000

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 the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of applicant's state of origin, ethnicity, religion, gender or physical condition.

As part of our commitment to gender diversity, the Board approved a Gender Diversity Policy targeted at addressing gender equality within the Bank and to actively facilitate a more diverse and representative workforce across 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

Gender	Number
Female	65 (48%)
Male	71 (52%)
Total	**136 (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 2023, the Bank had 13 senior management employees broken down as follows:

Level	Female	Male	Total	% Female	% Male
AGM - GM	3	7	10	30	70
ED – MD/CEO	1	2	3	33	67
Total	4	9	13	31	69

iv. Composition of Board Members by Gender

Gender	Number	%
Female	3	27.3
Male	8	72.7
Total	11	100

The Bank achieved a 31% female representation at Senior Management level and 27.3% female representation on the Board for most of the 2023 financial year. The percentage of female representation slightly reduced following the appointment of the Deputy Managing Director in December 2023.

v. Employment of Disabled Persons

In the event of any employee becoming disabled in the course of employment, the Bank will endeavour to arrange appropriate training to ensure the continuous employment of such employee without subjecting him/her to any disadvantage in career development.

As at 31 December 2023, the Bank had no physically disabled person in its employment.

vi. Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy working 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 the 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.

vii. Training of Employees

The Bank encourages the participation of employees in arriving at decisions in respect of matters affecting their wellbeing. The Bank places a high premium on the development of its manpower and sponsors its employees for various training courses. Our learning interventions are driven by the Competency Framework, Succession Plan and the Key Talent Management Framework. We also continue to develop subject matter experts internally who can drive internal learning. The internal trainings were administered through the Bank's Learning Management System.

viii. Statement of Commitment to Maintain 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 in a positive and professional manner as follows:

a. Equal opportunity is given to all qualified members of the Bank's operating environment.
b. The Bank maintains business premises designed to guarantee the safety and healthy living conditions of its employees and customers alike.
c. 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.
d. Fire prevention and fire-fighting equipment are installed in strategic locations within the office premises.
e. 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 that seeks to attract and retain 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 objective of the policy is to ensure that salary structures, including short and long-term incentives, motivate sustained high performance and are linked to corporate performance.

x. Managers' Remuneration

S.238 and S.257 of CAMA 2020 requires the Bank to disclose the remuneration of Managers to members at Annual General Meeting as an ordinary business. For the purpose of this disclosure, Managers includes 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 N396,035,000 in 2023 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 prudential guidelines, as released by the CBN, require that banks should have themselves rated by a credit rating agency on a regular basis. It is also required that the credit rating should be updated on a continuous basis from year to year. Furthermore, it is required that banks should disclose this credit rating prominently in their published annual reports periodically.

In assessing the Bank's compliance with Corporate Governance Best Practice, Nigeria's foremost rating firm, Agusto & Co, retained Coronation MB's rating of 'A- with a stable outlook'. These ratings reflected the challenges faced by the Bank in 2023 largely because of the difficult operating environment exacerbated by the prevailing macroeconomic headwinds. It does not in any way diminish the effectiveness of the Bank's corporate governance processes, risk management structure and the ability of the Bank to meet its financial obligations and stakeholder expectations.

The Bank's practice of international rating continued in 2023 with another rating exercise by Fitch Ratings Inc, which gave the Bank a rating of CC Viability Rating (VR) with B+ (nga) (Long-Term Rating (LTR). Also, another global rating firm, GCR, assigned the Bank an "BBB-" rating with a negative outlook

18. Disclosure Of Customer Complaints In Financial Statements For The Year Ended 31 December 2023

In line with CBN's circular referenced FPR/DIR/CIR/GEN/01/020, the Bank received, processed and resolved a total of 49 customer complaints during the period. The details of the Complaints, including the underlying triggers are provided in the report on customers' complaints.

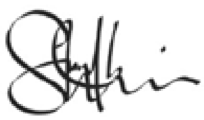
19. Dividends

Against the background of the Bank's performance in 2023, the Board of Directors will not be proposing any dividend to shareholders. The Board is however confident that the strategies approved for implementation in 2024 will culminate in profitability by the Bank.

20. Auditors

At the Bank's 6th Annual General Meeting (AGM) on April 9, 2021, KPMG Professional Services ("KPMG") was appointed the Bank's Auditors in place of PricewaterhouseCoopers, whose tenure ended in 2020 in line with the requirement of S. 5.2.1.2 of the CBN's Code of Corporate Governance 2014. KPMG was last re-appointed at the Bank's 8th AGM on June 5, 2023 until the end of the next Annual General Meeting. Having indicated their willingness to continue in office and pursuant to section 401 of the Companies and Allied Matters Act 2020, a resolution will be passed at the coming Annual General Meeting to authorize the Directors to fix the remuneration of the Auditors.

By Order Of The Board



Stanley Ubani
Company Secretary
FRC/2021/002/00000025010

Corporate Governance Report

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

The Board recognizes that effective corporate governance is a key imperative to achieving sustainable growth of the business and ensures a careful implementation of high standards of corporate governance across the Bank. Accordingly, the Bank's governance framework is designed to ensure an on-going compliance with the extant Corporate Governance Guidelines issued by the 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 as part of the Bank's corporate governance practices. These collectively provide the basis for promoting sound corporate governance in the Company.

The Bank's corporate governance structures have sufficiently been aligned with the requirements of the NCCG. 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.

The Bank is committed to best practice in corporate governance which include 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.

The Directors have the pleasure of presenting their report on the affairs of CoronationMB and the Audited Financial Statements with the external Auditors' Report for the financial year ended December 31, 2023.

Developments on the Board in 2023

The effectiveness of any board is made possible by directors with appropriate skills, qualifications, and experience who are guided by integrity in their private and public behavior. In recognition of this imperative, the Board established a formal process for the selection of new directors to ensure the transparency of 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 candidates for appointment as directors in consultation with key stakeholders including the shareholders, the Chairman, the Managing Director, other directors and the engagement of such methods as the Committee deems necessary. Once candidates have been identified, the Committee will confirm that they meet the criteria contained in the applicable policies, statutes and regulations. The Committee may gather information about the candidates through interviews, questionnaires, enhanced due diligence checks or any other means that the Committee deems necessary. The Committee meets to discuss and evaluate the qualities and skills of each candidate, considering the overall composition and needs of the Board. Based on the outcome of such evaluation, the Committee will recommend candidates to the Board for appointment as directors subject to the approval of shareholders and the CBN.

In addition to the directors that will retire by rotation as required by the Companies and Allied Matters Acts 2020 and the Bank's Article of Association and who, being eligible, will present themselves for re-election at the 9th AGM, two of the Bank's independent non-executive directors, Mr. Babatunde Dabiri and Mrs. Suzanne Iroche, retired from the Board of the Bank in April 2023, after the completion of their regulatory tenor in line with the requirement of the applicable CBN regulation.

Both Mr. Dabiri and Mrs. Iroche served on the Board of the legacy Associated Discount House Limited, which metamorphosed into Coronation MB in 2015. They were both appointed into the Board of the Bank in April 2015 and served meritoriously as Chairmen of two of its Committees. While Mr. Dabiri served as the Chairman of the Board's Credit and Investment Committee, Mrs. Iroche served as the Chairman of the Board's Audit Committee. The Board is grateful to the duo for their immense contributions to the growth of the Bank and the institution of governance structures that have ensured its continuous development.

In accordance with the Bank's Board Succession Policy and as part of the process for the replacement of the retired directors, the Board appointed **Mr. Olukayode Akindele** as a Non-executive Director. Mr. Akindele was approved by the CBN in April 2023 and elected by the Shareholders at the 8th Annual General Meeting on June 5, 2023. The Board also appointed **Mr. Olayinka Tiamiyu** as an independent Non-Executive Director in July, 2023. In compliance with Section 5.7 of the CBN's Revised Fit & Proper Persons Regime 2015, Mr. Tiamiyu does not have any direct relationship with the Bank or any of its officers, major shareholders, subsidiaries and affiliates which may impair his ability to make independent judgments or compromise his objectivity. It was based on this fact that the Board designated him an independent Non-Executive Director, a judgment which has received the approval of the Central Bank of Nigeria.

Furthermore, as part of strategies to improve the overall performance of the Bank following the suboptimal results posted in the 2022FY, the Board, in 2023, commenced the implementation of a leadership transformation initiative to reinforce the executive management team of the Bank. This culminated in the appointment of **Mr. Paul Abiagam**, as the Deputy Managing Director of the Bank in December 2023. The Board is strongly persuaded that the appointments of Mr. Tiamiyu and Mr. Abiagam will not only fill the vacuum created by the retirement of the two directors in April 2023 but that their knowledge, experience, character and personalities will be of immense benefits to the Board. The profiles of the newly appointed directors have been captured in the "Our People" section of this report and both will be presented by the Board to members for election at the 9th AGM of the Bank. Other strategic senior management changes approved by the Board in 2023 include the appointment of a new Chief Risk Officer, a new Chief Financial Officer and a new Head of Centralised Operations.

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 longest in office since their last election.

In line with the above requirement, Mr. Babatunde Folawiyo, Ms Evelyn Oputu and Mr. Larry Ettah 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 for effectiveness in executing its core mandates.

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 strategic direction of the Bank in the articulation of specifications relevant for 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 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 yearend 2023, the Board had more Non-Executive Directors than Executive Directors, with two of the Non-Executive Directors being Independent. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution monitoring.

It is important to point out that under the CBN Code of Corporate Governance 2014, the Bank was required to have on its board a minimum of two Independent Non-Executive Directors. However, the 2023 CBN Corporate Governance Guidelines which became effective in August 2023 required the Bank to have a minimum of three Independent Non-Executive Directors. The board has taken cognizance of this requirement and has initiated appropriate steps for compliance.

Training and Induction

The Board ensures the regular domestic and international training of its members to improve their decision-making capacity, thereby contributing to the effectiveness of the Board and 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 while the Company Secretary ensures the implementation of the Plan with regular reports to the Board.

Individual Training

During the period under review, for effective management of the budget, only one director attended a foreign training program as indicated in the table below:

S/N	Name of Director	Name of Training	Venue & Date	Organizer
1	Mr. Larry Ettah	Oxford Bank Governance Programme	University of Oxford 10-14 July 2023	Said Business School

General Training

All directors attended the following trainings in 2023:

S/N	Name Of Training	Venue & Date	Organizers
1	Strategic ALM, Interest Rate, Liquidity Risk Management -Enhancing the Board Oversight	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos. July 24, 2023	Philip Consulting/FIS
2.	Emerging Trends in Enterprise Risk Management	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos October 23, 2023	EY
3.	AML/CFT/CPF Compliance Training	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos December 21, 2023	Pattison Consulting Limited

Performance Monitoring and Evaluation

The Board, in the discharge of its oversight function, continuously engages with Management and contributes ideas to the planning and execution of the Bank's strategy. Consequently, the Board held its annual retreat on January 24, 2023, where the strategy for 2023 was rigorously debated and agreed between Management and the Board.

As part of its oversight function, the Board receives quarterly updates on implementation of the strategy, affording its members the opportunity to monitor and assess progress, review significant issues, risks or challenges encountered in strategy implementation. Deliberation on the updates also provides a common platform for the Board and Management to jointly work for the mitigation of the risks and management of the challenges encountered in the implementation of the strategy. Also, Management's report on the Bank's actual financial performance is presented relative to the planned budget to enable the Board to assess the level of achievement and proffer suggestions/directives for enhanced results. Peer comparison is also a crucial component of Management reporting to the Board to benchmark performance against those of competition.

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and annual reviews of our compliance with the CBN and the SEC Codes respectively and render reports to the regulators.

The Board has also established a system of independent annual evaluation of its performance, that of its Committees and individual Directors. The evaluation for the 2023 financial year was undertaken by Ernst and Young Professional Services. 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 as the independent consultant was not connected with the Bank or any of its Directors. It also enhanced the objectivity and transparency of the evaluation 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, processes, relationships, competencies, roles, and responsibilities. The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent 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 Code of Corporate Governance for Banks. The summary result of the independent evaluation will be presented by Ernst & Young at this meeting.

To further deepen the Bank's governance culture, the Board in 2023 approved its Policy on Access to Independent Professional Advice which will allow individual directors access to independent external expert advice, at the expense of the Bank, on issues arising from meetings of the Board or any of its Committees. Under this Policy, both the Board as a body or 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 existing/potential shareholders and regulators for the making of informed decisions about the operations of the Bank.

Shareholders' meetings are held as required by the Bank's Articles of Association and extant laws and regulations, to deliberate on issues affecting the Bank. Notices of such general meetings are 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 admitted 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 2023.

The implementation of our robust investors and regulatory engagement strategies enables us to understand stakeholders' views about the Bank for 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. Also, the Bank updates its website **(www.coronationmb.com)** with both financial and non-financial information regularly.

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

To further ensure the rights of its stakeholders, the Board approved a Human Rights Policy which seeks, amongst other things, to install zero tolerance for all manner of human rights infringements including but not limited to all forms of 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 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 make presentations on the Bank's audited Financial Statements to the Board Audit Committee. Directors have unrestricted access to Management and company information in addition to the necessary resources 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 the enhancement of 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 and annual budget, vital operational initiatives, significant funding and investment proposals, financial 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

Objectives

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

a. Promote excellence and balance between short and long-term performance such that the Bank's financial goals and shareholders' expected returns are met and sustained.

b. Enable Coronation MB to attract, motivate and retain people of proven ability, experience and skills in the market in which it competes.

c. 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.

d. Boost the level of commitment expected of the directors and enhance the robustness of Board deliberations, decisions and implementation.

e. Ensure that both internally and externally, remuneration policies and programs are transparent, well communicated, easily understood and aligned with the interest of shareholders and leading corporate governance practices.

Remuneration Structure

The Board Governance and Nominations Committee made up of only Non-Executive Directors and headed by an Independent Non-Executive Director recommends the remuneration for the Board and the remuneration packages of Executive Directors in all its forms. Executive Directors play no part in deciding their remuneration.

The remuneration of the Managing Director and other Executive Directors consist of both fixed and variable remuneration components as may be contained in their contracts of employment in addition to incentive schemes to encourage continued improvement in performance against the criteria agreed with the Board.

The Board Governance and Nominations Committee sets operational targets including Key Performance Indicators (KPI's) covering both financial and non-financial measures for the executives at the beginning of each year. The performances of the Executives Directors are measured against these criteria 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 the Non-Executive Directors consists of sitting allowances (payable for each Board and Board Committee meetings attended) and Directors' fees as may be reviewed and approved by members in Annual General Meeting from time to time.

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

Roles and Responsibilities

The Board Governance and Nominations Committee shall be responsible for:

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

Roles and Responsibilities

The Board Governance and Nominations Committee 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 Directors and Non-Executive Directors.
    b. on the salary and service conditions of senior management staff.
    c. on the remuneration policy.

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

Compensation Review

To ensure that the Bank's compensation structure remains competitive, this Policy shall be reviewed periodically to reflect changing realities. The Committee's review should consider the Bank's performance and its remuneration vis-à-vis the industry's peer group. The peers should be selected based on Coronation MB's business lines, size, scope, geographic coverage and any other criteria as may be set by the Committee.

In determining the level and make-up of the remuneration for Directors, the Committee may obtain independent advice and or engage the services of an external consultant on the appropriateness of the remuneration package based on agreed compensation benchmarks.

Approval

Directors' remuneration should be recommended by the Board Governance and Nominations Committee to the Board of Directors and subsequently to the shareholders at the Annual General Meeting for approval.

Disclosure

Coronation MB will make appropriate disclosures on the details of its Remuneration Policy in its Annual Reports and to shareholders as may be required.

Review of this Policy

The Board shall, through the Committee, review this Policy once every two (2) years or as may be deemed necessary.

Governance Structure

The Board is currently composed of a Non-Executive Chairman, seven (7) Non-Executive Directors and three (3) Executive Directors including the MD/CEO. Two (2) of the Non-Executive Directors are Independent Directors, appointed in compliance with the CBN circular on Appointment of Independent 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 2023 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 while 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 business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs and comprises of the Executive Directors and Group Heads from Assistant General Managers level. 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 both 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 the maintenance of a robust system of internal controls and effective risk management oversight across the Bank for 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:

1. Setting annual Board goals/plans.
2. Defining the Bank's annual strategies/objectives and monitoring delivery of the strategies and performance against approved plans.
3. Overseeing the Bank's capacity to identify and respond to changes in its economic and operating environment.
4. Approval of significant projects including corporate restructuring/re-organizations, major capital expenditure, capital management, acquisitions, and divestitures.
5. Performance evaluation and compensation of Board members and Senior Executives.
6. Attending to matters of succession planning, appointments, remunerations, retirement and disengagement of board members, senior executive members including the Company Secretary and the Chief Audit Executive.
7. Ensuring the maintenance of a culture of responsibility, transparency, and accountability through good corporate governance and adherence to high ethical values.
8. Definition of the Bank's risk appetite, approval and oversight over the operation and effectiveness of the Bank's risk management framework.
9. 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.

10. Ensuring effective communication with shareholders and other stakeholders on the financial performance and other significant developments of the Bank.
11. Approval of internal ratios and target rates of return on capital and assets and adopting appropriate accounting policies to ensure accurate assessment of the financial health of the Bank.
12. Approval of quarterly, half-yearly and full year financial statements of the Bank.
13. Review, approve and monitor implementation, compliance with, and effectiveness of all Policies, Guidelines and Operational and Procedural Manuals in the Bank.

The Board has an approved Charter which regulates its operations. The approved Charter and every subsequent renewals are forwarded to the CBN in line with the CBN Corporate Governance Guidelines.

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:

1. Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
2. Setting the agenda for board meetings in conjunction with the MD/CEO and the Company Secretary.
3. Approval of the Annual Board Activities Calendar.
4. Playing an integral role in ensuring that the Board and its Committees have the relevant skills, competencies for the achievement of their objectives.
5. Ensuring proper conduct of Board meetings and achievement of efficiency and cohesiveness in the Board.
6. Ensuring that the Directors receive accurate and clear information about the affairs of the Bank timeously for sound decisions.
7. Acting as the main link between the Board and the MD/CEO as well as advising the MD/CEO on the effective discharge of his duties.
8. Ensuring that all directors focus on their key responsibilities and play constructive roles in the affairs of the Bank.
9. Organizing induction programmes for new directors and ensuring that continuing education programmes are in place for all directors.
10. Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders.
11. Taking a leading role in the assessment, improvement, and development of the Board.
12. Presiding over General Meetings of shareholders.

The Role of Managing Director/Chief Executive Officer

The (MD/CEO) has the overall responsibility for leading the development and execution of the Bank's long-term strategy, with a view to creating 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:

1. Acts as Head of the Management Team and is answerable to the Board.
2. Responsible for ensuring that a culture of integrity and legal compliance is imbibed by personnel at all levels of the Bank.
3. Responsible for consistent achievement of the Bank's financial objectives and goals.
4. Ensures that the Bank's philosophy, vision, mission, and values are disseminated and practiced throughout the Bank.
5. Ensures that the allocation of capital reflects the Bank's risk management philosophy.
6. Ensures that the Bank's risks are controlled and managed effectively, optimally and in line with the Bank's strategies and objectives.
7. Supervision of the Executive Director.
8. Ensures that the Directors are provided with sufficient information to support their decision making.

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. 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, with a view to enhancing long-term shareholder value.
2. Assisting the Chairman in ensuring good information flow within the Board and its Committees and between Management and Non-Executive Directors.
3. Facilitates the orientation of new directors and coordinating their professional development.
4. Attending and preparing the minutes for all Board meetings and ensuring efficient and effective coordination between the Board, the Board Committees and Management.
5. The Company Secretary also assists in the development of the agenda for the meeting of the Board and its Committees.

The Company Secretary is properly empowered by the Board 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, Board Committees' Charters, 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 every quarter but can convene emergency meetings as may be required. 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 efforts on the following issues in 2023 amongst others:

- Review of Board's and Committees' Charters/Policies.
- Consideration and approval of the 2024 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:

S/N	Names of Directors	2023 AGM	Board Meeting	Strategy
1.	Babatunde Folawiyo (Chairman)	1	9	2
2.	Larry Ettah	1	9	2
3.	Evelyn Oputu	1	9	2
4.	Olubunmi Fayokun	1	9	2
5.	Idaere Gogo Ogan	1	9	2
6.	Adamu Atta	1	9	2
7.	*Suzanne Iroche (Retired)	1	4	1
8.	*Babatunde Dabiri (Retired)	1	4	1
9.	**Olukayode Akindele	1	4	1
10.	***OlayinkaTiamiyu	0	3	1
11.	Funke Feyisitan Ladimeji	1	9	2
12.	Adebanjo Adegbohungbe	1	9	2

* Mrs. Suzanne Iroche and Mr. Babatunde Dabiri retired from the Board in April 2023 after the completion of their statutory tenor as Independent Non-Executive Directors.

** Mr. Olukayode Akindele was appointed a Non-Executive Director in April 2023.

*** Mr Olayinka Tiamiyu was appointed an Independent Non-Executive Director in July 2023.

Meetings of the Board and Board Committees in 2023

The Board and its Committees held the following meetings in the period ended 31 December 2023:

Type of Meeting	Board Meeting
Board Credit & Investment Committee	Monday, January 16, 2023
Board Credit & Investment Committee	Monday, March 6, 2023
Board Credit & Investment Committee	Monday, April 17, 2023
Board Credit & Investment Committee	Monday, June 5, 2023
Board Credit & Investment Committee	Monday, July 17, 2023
Board Credit & Investment Committee	Monday, September 4, 2023
Board Credit & Investment Committee	Monday, October 16, 2023
Board Credit & Investment Committee	Monday, December 4, 2023
Board Governance & Nominations Committee	Tuesday, January 17, 2023
Board Governance & Nominations Committee	Tuesday, March 7, 2023
Board Governance & Nominations Committee	Friday, April 14, 2023
Board Governance & Nominations Committee	Thursday, April 27, 2023
Board Governance & Nominations Committee	Thursday, May 25, 2023
Board Governance & Nominations Committee	Tuesday, June 6, 2023
Board Governance & Nominations Committee	Wednesday, July 5, 2023
Board Governance & Nominations Committee	Tuesday, July 18, 2023
Board Governance & Nominations Committee	Tuesday, August 22, 2023
Board Governance & Nominations Committee	Tuesday, October 17, 2023
Board Governance & Nominations Committee	Wednesday, November 22, 2023
Board Audit Committee	Wednesday, January 18, 2023
Board Audit Committee	Monday, March 27, 2023
Board Audit Committee	Wednesday, April 19, 2023
Board Audit Committee	Wednesday, July 19, 2023
Board Audit Committee	Wednesday, October 18, 2023
Board Risk Management Committee	Wednesday, January 18, 2023
Board Risk Management Committee	Wednesday, April 19, 2023
Board Risk Management Committee	Wednesday, July 19, 2023
Board Risk Management Committee	Wednesday, October 18, 2023
Board Meeting	Monday, January 23, 2023
Board Meeting	Tuesday, January 24, 2023

Type of Meeting	Board Meeting
Board Meeting	Wednesday, February 15, 2023
Board Meeting	Thursday, April 20, 2023
Board Meeting	Monday, May 22, 2023
Board Meeting	Monday, July 24, 2023
Board Meeting	Thursday, October 5, 2023
Board Meeting	Monday, October 23, 2023
Board Meeting	Thursday, December 21, 2023
Annual General Meeting	Monday, June 5, 2023

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 the review and recommendation of risk management strategies, policies and risk tolerance for the Board's approval; review of reports on risk exposure, risk portfolio composition and risk management activities.

All members of the Board, apart from the Chairman, are members of the Board Risk Management Committee. Meetings of the Committee are held at least once a quarter. Members' attendance at the Committee's meetings held in 2023 is indicated in the table below:

S/N	Member	Capacity	No of Meetings Held	No of Meetings Attended
1.	Evelyn Oputu	Chairman	4	4
2.	Larry Ettah	Member	4	4
3.	Olubunmi Fayokun	Member	4	4
4.	Idaere Gogo Ogan	Member	4	4
5.	Adamu Atta	Member	4	4
6.	Olukayode Akindele	Member	4	2
7.	Olayinka Tiamiyu	Member	4	1
8.	Funke Feyisitan Ladimeji	Member	4	4
9.	Adebanjo Adegbohungbe	Member	4	4

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 and investment practices. The Committee also reviews the process for determining provision for credit losses and the adequacy of the provisions made, the effectiveness and administration of credit-related policies and ensuring the implementation of the CBN Risk-based Supervision Framework.

The Committee is made up of all executive and non-executive directors except the Chairman who is not a member of any Committee. The Committee meets Quarterly and as the need arises. Members' attendance at the Committee's meetings held in 2023 is indicated in the table below:

S/N	Member	Capacity	No of Meetings Held	No of Meetings Attended
1.	Larry Ettah	Chairman	8	8
2.	Evelyn Oputu	Member	8	8
3.	Olubunmi Fayokun	Member	8	8
4.	Idaere Gogo Ogan	Member	8	8
5.	Adamu Atta	Member	8	8
6.	Olukayode Akindele	Member	8	4
7.	Olayinka Tiamiyu	Member	8	2
8.	Funke Feyisitan Ladimeji	Member	8	8
9.	Adebanjo Adegbohungbe	Member	8	8

C. Board Governance and Nominations Committee

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

Membership of the Committee consisted of 5 Non-Executive Directors, 2 of whom are independent directors. In compliance with the requirement of the CBN's Corporate Governance Guidelines, it is chaired by an Independent Non-Executive Director and meets at least once a quarter. Members' attendance at the Committee's meetings held in 2023 is indicated in the table below:

S/N	Member	Capacity	No of Meetings Held	No of Meetings Attended
1.	Olubunmi Fayokun	Chairman	11	11
2.	Larry Ettah	Member	11	11
3.	Adamu Atta	Member	11	11
4.	Olukayode Akindele	Member	11	6
5.	Olayinka Tiamiyu	Member	11	2

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 systems of internal accounting and financial controls.
b. The effectiveness of the internal audit function.
c. The annual independent audit of the Bank's consolidated financial statements and effectiveness of the Bank's internal control over financial reporting.
d. The engagement of the Independent Auditors and the evaluation of the Independent Auditors' qualifications, independence, and performance.

The Committee has as its members, 5 Non-Executive Directors, two of whom are independent directors. In compliance with the requirement of the CBN's Corporate Governance Guidelines, it is chaired by an Independent Non-Executive Director and meets at least once a quarter. The number of meetings held in 2023 and attendance of members at those meeting is as follows:

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

*Following the retirement of Mrs. Suzanne Iroche as the Chairman of the Committee in April 2023, Mr. Idaere Gogo Ogan was appointed the Chairman in an acting capacity. In December 2023, Mr. Tiamiyu was appointed the substantive Chairman of the Committee.

Role and Focus of the Board Audit Committee

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

1. Ascertaining whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
2. Reviewing the scope and planning of audit requirements.
3. Reviewing the findings on management matters in conjunction with the external auditor and management's responses thereon.
4. Keeping under review the effectiveness of the Company's system of accounting and internal control.
5. Making recommendations to the Board about the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair their independent judgement.
6. Authorizing the internal auditor to carry out investigations into any activity of the Company which may be of interest or concern to the Committee.
7. Assisting in the oversight of the integrity of the company's financial statements and establish and develop the internal audit function.

Executive Management Committees

These are Committees comprising of 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 day-to-day activities of the Bank. 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.
- The Asset and Liability Committee.
- Management Credit and Investment Committee.
- The Enterprise Risk Management Committee.
- IT Steering Committee.

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.

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 Guide 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.

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 compliance with the CBN Circular with reference number OD/DIR/CIR/2009/GEN/10 and dated December 18, 2009, Coronation MB has put in place an appropriate and effective mechanism to address customer's grievances and complaints. The objective is to reduce the spate of customer complaints, enhance public confidence and customer satisfaction. The mechanism includes a dedicated e-mail address, **customercomplaints@coronationmb.com**, which automatically sends alert to designated officers. The contact details of the Bank's Help Desk are on investment letters to customers and counterparties. There is also billboard at the reception area in the Bank's Head Office and its branch offices in Port-Harcourt and Abuja

Adoption of the Gender Diversity Policy

This policy seeks to achieve a minimum of 30% 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. Funke Feyisitan-Ladimeji.

Highlights of the Bank's Clawback Policy

The clawback provisions of the Bank's Compensation and Benefits Policy ("the Policy") empowers 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 will be triggered if the Bank's financial performance on which the reward was based is discovered to be materially false, misstated, erroneous or in instances of misdemeanour, fraud, material violation of the Bank's policy or regulatory infractions.

The executives and senior employee must have served the Bank during the 'look back period' and 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 3 fiscal completed years immediately preceding the date the Bank is required to restate its financial results or such other period as may be determined by the Board.

During the 2023FY, the Board did not have 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 2023

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2023.

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:

1. 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;
2. Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
3. 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 Institutions Act.
- The requirements of the Companies and Allied Matters Act, and
- The requirements of the Banks and Other Financial Institutional Act.
- The Financial Reporting Council of Nigeria Act.

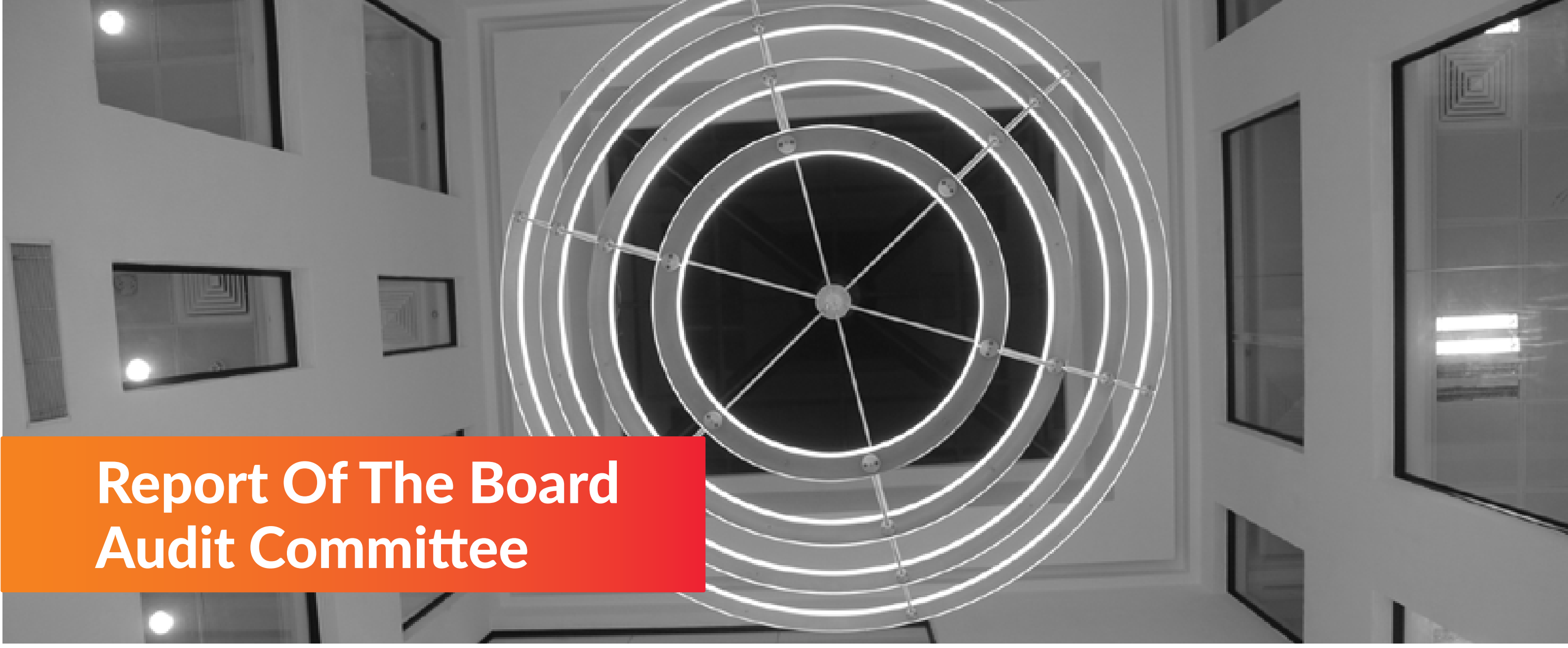
The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank, its financial performance, and cash-flows for the period. The Directors further accept responsibility for the maintenance of accounting records that may be relied 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. Adebanjo Adegbohungbe
Managing Director/CEO
FRC/2019/CIBN/00000019814



Report Of The Board Audit Committee

To the Members of Coronation Merchant Bank Limited:

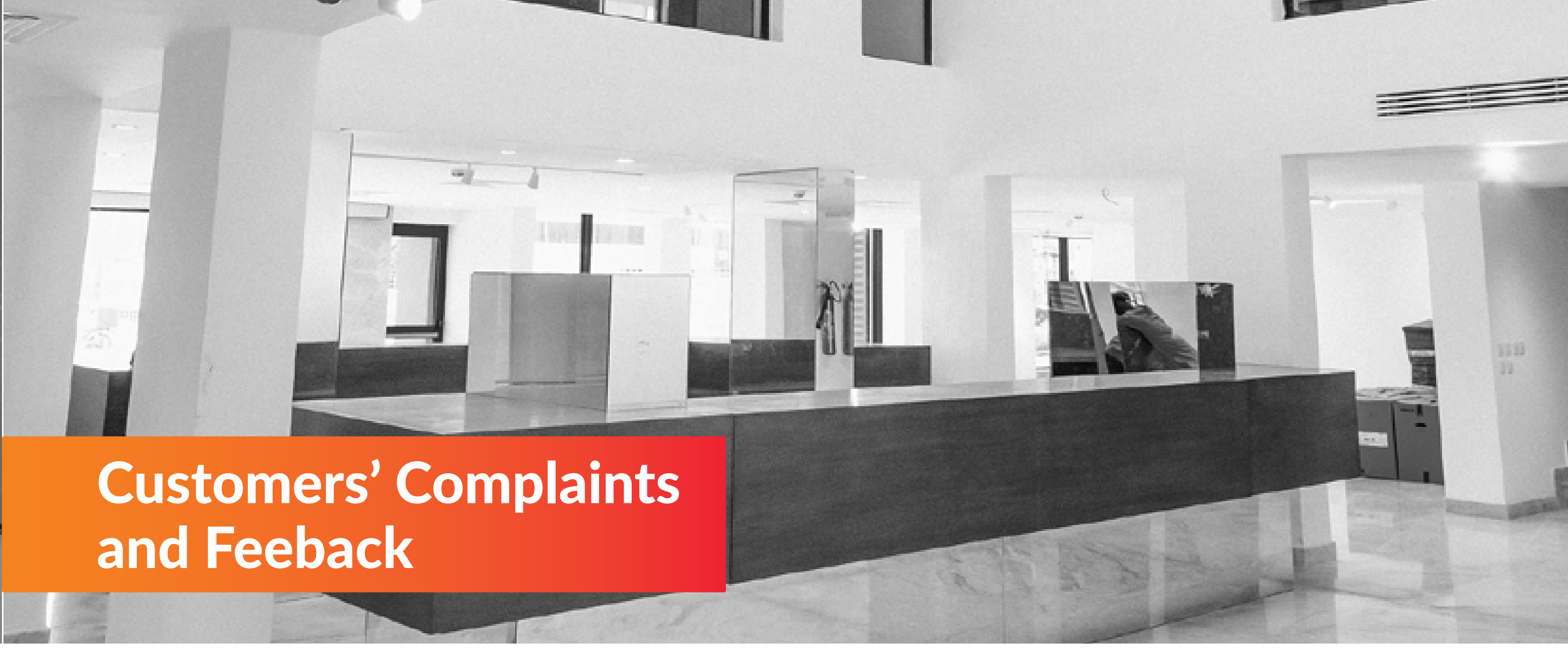
In accordance with the provisions of Section 404 of the Companies and Allied Matters Act 2020, the members of the Audit Committee of Coronation Merchant Bank Ltd hereby report on the financial statements for the year ended 31 December 2023 as follows:

- We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are 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 2023 were satisfactory and reinforce the Bank's internal control systems.
- As required by the provisions of the CBN Circular BSD/1/20014 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as 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 audit and we are satisfied with Management's responses thereon and with the effectiveness of the accounting and internal control system of the Bank.

Olayinka Tiamiyu
Chairman
Audit Committee

Members of the Audit Committee are:

Mr. Olayinka Tiamiyu	Chairman
Ms Evelyn Oputu	Member
Mr. Idaere Gogo Ogan	Member
Ms. Olubunmi Fayokun	Member
Mr. Olukayode Akindele	Member



Customers' Complaints and Feeback

Coronation Merchant Bank recognizes her customer's experience is pivotal to achieving its vision to be Africa's premier investment Bank. While journeying to its destination, delivering high quality services and maintaining responsiveness to the needs and concerns of its clients cannot be over emphasized. To accomplish this, the Bank has provided various touchpoints through which its customers can reach out. These include:

- 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 empathy it deserves. Our strategy is to ensure our customer's feedback affects the way we will 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 promise to our customers and ourselves to provide adequate resolution and feedback leaving them happy and content.

Complaints Tracking and Reporting

Customer complaints are critical to measure how well our products and services are meeting our customers' expectations of fit, finish, durability, and function. All complaints are gathered, logged, graded and tracked for resolution. Our eyes are constantly on how we are performing as this enables us to feel the pulse of the situation and quickly react to ensure things never get worse. The complaints are analyzed and reports shared with the Executive Management and the Operational Risk Management Committee. Complaints are also sent to the Central Bank of Nigeria (CBN) in line with the CBN's regulation on complaints reporting.

S/N	Currency	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
			2023	2022	2023	2022	2023	2022
1.	NGN	Transaction Alert complaints	1	1	-	-	-	-
2.	NGN	Non payment of tenured funds	-	-	-	-	-	-
3.	NGN	Discrepancy and re-imbursement of accrued interest	-	1	-	370	-	370
4.	NGN	Delay in processing/service delivery	-	2	-	-	-	-
5.	NGN	Failed Funds Transfer	11	1	237,100	310	237,100	310
6.	NGN	International trade complaints	2	5	12,004		12,004	
7.	NGN	Internet banking usage/ token complaint	22	26	-	-	-	-
8.	NGN	Account statement generation issues	6	-	-	-	-	-
9.	NGN	Excess charges/fees	2	1	34,899	1,275	34,899	1,275
10.	NGN	Erroneous debit from account	-	5	-	13,302	-	13,302
11.	NGN	Internet banking login/ Password reset Issues	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

Merchant Banking involves taking risks. Managing these risks and reducing their impact can be quite challenging. The risks go beyond the traditional Credit, Market, and Operational risks but also include Concentration, Strategic, Liquidity, Interest Rate Risk in the Banking Book (IRRBB), Reputational, Legal, Environmental and Social risks, Cyber risks as well as ''other'' risks. The Bank adopts Enterprise Risk Management, which addresses risks in a wholistic manner, rather than in isolation.

Coronation Merchant Bank recognizes the fact that managing risks is an all-inclusive function that should be aligned across the organization to achieve effectiveness. This reflects our focus on embedding a sustainable and effective risk environment that is helping to build a more resilient bank for the benefit of our investors, clients and other stakeholders. For this reason, the Bank has continued to invest in its key resources-human and technological capacities as well as processes and governance structures to support the management of risks in line with our risk appetite and global best practice.

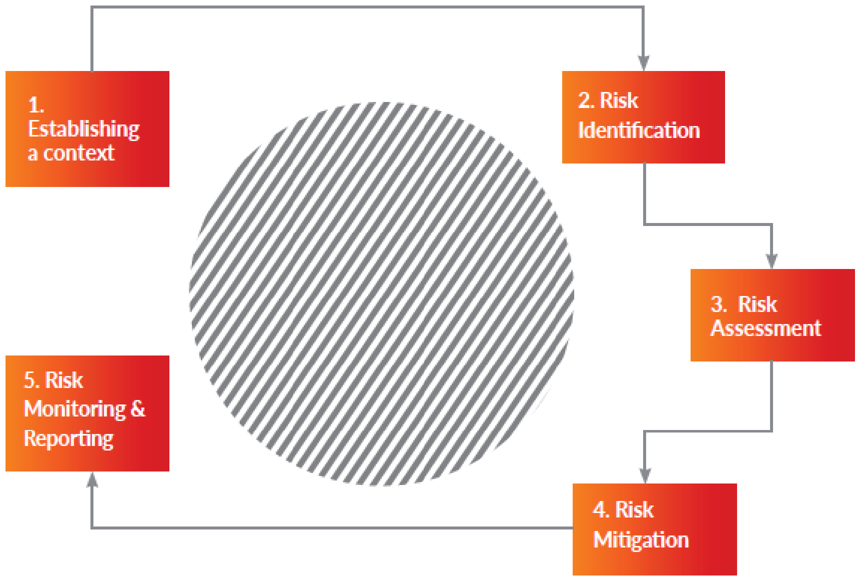
As a Bank, we understand that risk is:

- 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.

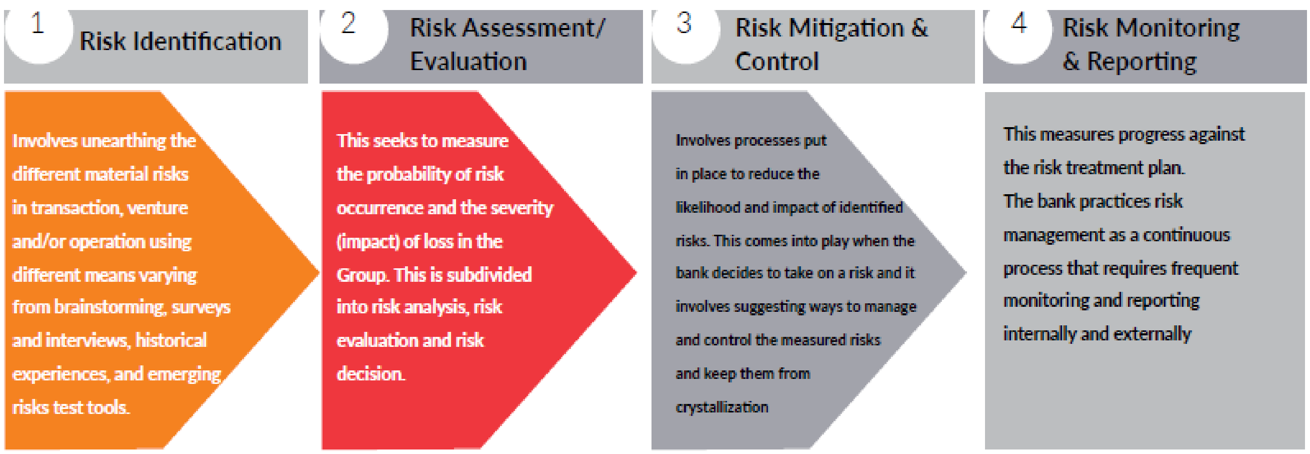
Coronation Merchant Bank Risk Management Process

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:

CMB Risk Management Process



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 MB 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 biennially, 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 MB'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 activities aim at minimizing the divergence between expectations and outcomes, thus ensuring the realization of more predictable results. This is achieved through a robust framework, clearly defined and transparent processes for the identification of all factors that may lead to the said divergences ("Risk Identification"); estimation of the likelihood of their occurrence and the extent or severity of their impact in the event of occurrence ("Risk Assessment/Measurement"); design of effective controls to minimize both the likelihood and the impact of risk events ("Risk Control"); establishment of procedures to ensure that these controls are effective and are being complied with ("Risk Monitoring"); regular reporting of risk events and controls ("Risk Reporting"); and provision of sufficient capital to absorb the adverse impact of expected and unexpected losses.

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/N	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 MB 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 MB 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 MB'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 positions".	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.

S/N	Principal Risk Types	Risk Definition	Risk Management Approach
			The management of IRBB 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 MB 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 and social (E and S) risks of Coronation MB are the potential negative consequences to our business that result from the impacts (or perceived impacts) of our client's activities on the natural environment (i.e. air, water, soil) or communities of people (e.g. employees, customers, residents).	• The Bank deliberately manages its exposure to ESG risk under the scope: Our Business Activities, Our Business Operations, Women Economic Empowerment, Capacity Building, Human Rights, Clients Collaboration, Information Disclosure. • 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 MB 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	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

S/N	Principal Risk Types	Risk Definition	Risk Management Approach
		ethical standards and the possibility of inappropriate interpretation of effective laws or rules.	• 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	CMB 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 • Leverage on standard frameworks. E.g. ISO 27001, ISO 22301. • Align to CBN IT blueprint on Information Technology security • Implementation of Nigeria Data privacy regulation (NDPR) requirements to address data Privacy • Implement 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 • Partner 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. • 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 CMB is the assessment of significant risks and the implementation of suitable risk responses. At Coronation MB, 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 MB'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 MB 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 MB 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.

Objectives, Scope and Coverage

Core Objective

Core objective of risk management is to provide a reasonable degree of assurance to the Board of Directors (BOD) that the risks threatening Coronation MB'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 MB 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 MB.

Scope and Coverage

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

Risk Management Strategy

Coronation MB 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 MB'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 MB's Risk Appetite is reflected in its **"moderate"** appetite for risk.

Coronation MB 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 MB'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 MB 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 CMB 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. CMB 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.

- 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%.
- 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.
- 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
- 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.
- 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 MB 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 MB'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 MB 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.	Dialy
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.	Quarterly
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 250 - 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.

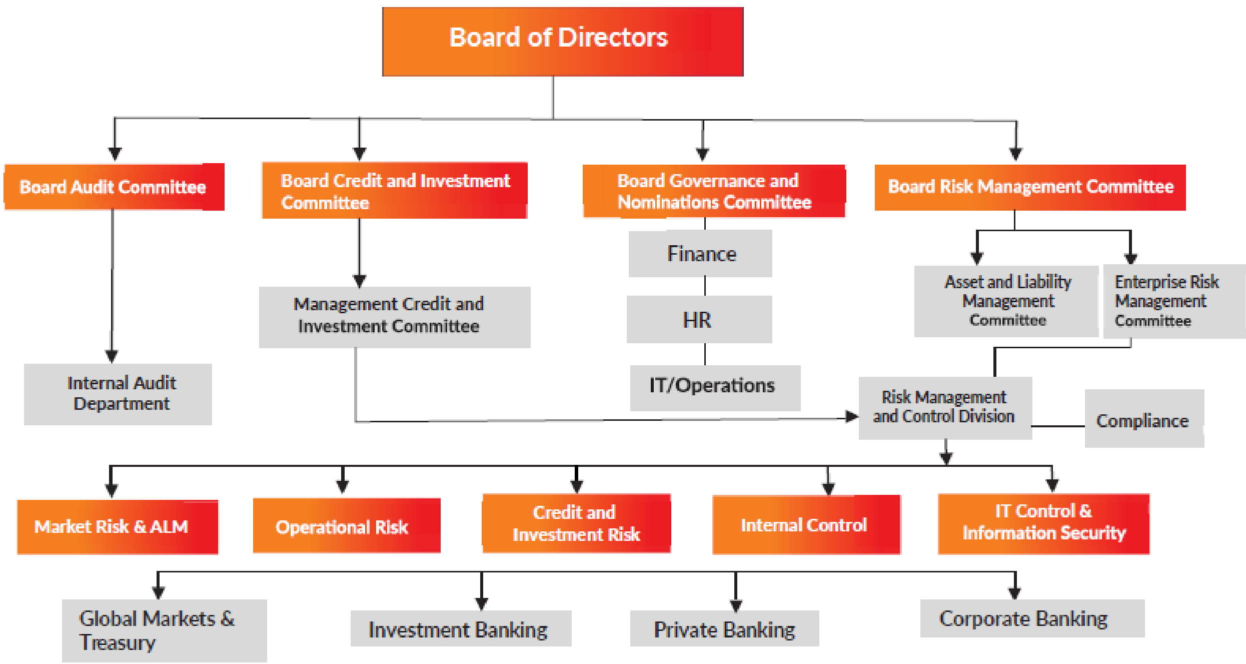
Management/ Board Reporting: These include reports that are not regulatory but are required by Management and the BoD for effective decision making. Example: Stress test report, Dashboard report.

RISK MANAGEMENT GOVERNANCE STRUCTURE

In Coronation MB, 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 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 overseeing risks at Business, Segments, and Risk Type levels. The Board Risk Committee receives regular reports on 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 MB, the day-to-day risk management function is effectively anchored through the machinery of the approved risk management governance structures as shown below:



The Bank adopts the 'three-pronged line of defense' model advocated by the COSO ERM framework to support its approach to strong risk management principles. Through this model, the Bank identifies, evaluates, mitigates, and monitors its material risks on an enterprise-wide basis.

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 MB'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:

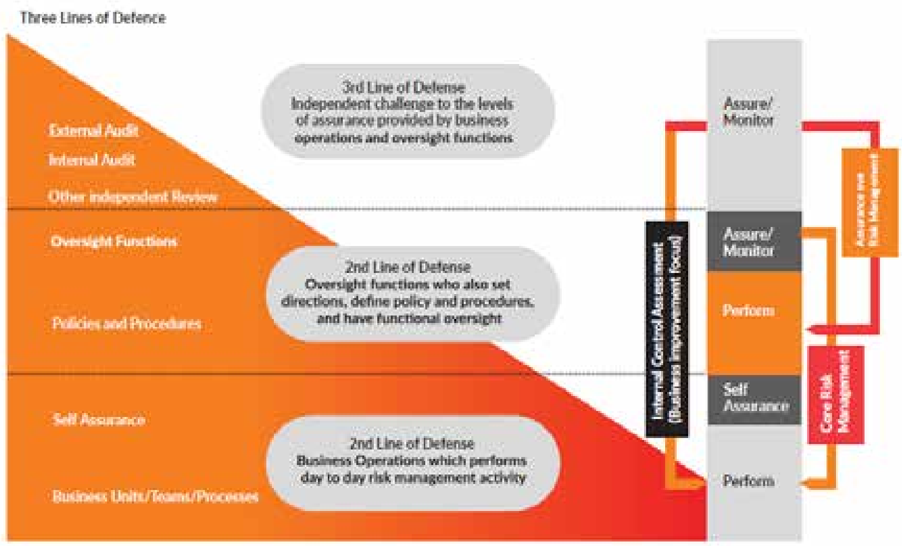
- Assist in determining risk capacity, risk appetite, allocations, and strategies for managing risk
- Establishing risk management policies, methodologies, and processes;
- Strategically linking the controls of risk enterprise-wide;
- Providing guidance and coordination among all monitoring participants (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 MB'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 environme



Roles and Responsibilities

Coronation MB'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 MB 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 MB.
- Establish Coronation MB's overall strategy and policies relating to the management of individual risk elements to which the Bank is exposed.
- Approve Coronation MB's risk appetite and monitor the risk profile against this appetite.
- Ensure risk strategy reflects Coronation MB's risk tolerance.
- Ensure that Coronation MB 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 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 MB 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 MB. 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 MB, 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 MB;
- Evaluate the adequacy of Coronation MB's risk management systems and control environment;
- Review Coronation MB'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 MB'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 MB'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 MB'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 MB'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 MB'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 MB's overall risk management framework. The policy shall define risks and risk limits that are acceptable to Coronation MB.
- 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 MB's risk management systems and the adequacy of the Bank's control environment with management and the internal and external auditors;
- Evaluating Coronation MB'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 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 MB 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 MB's risk strategy and appetite in line with Coronation MB's overall business objectives;
- Ensure that controls, skills and systems are in place to enable compliance with Coronation MB'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 them.
- 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 other to identify Reputation 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 Reputation 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

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

• Establishes appropriate standards and controls

• Responsible for establishing and maintaining the enterprise vision, strategy and program to ensure information assets are adequately protected.

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 IAD with regards to risk management is to provide objective assurance to the board on the effectiveness of Coronation MB'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 2023 as follows:

1. That we have reviewed the audited financial statements of the Bank for the year ended 31 December 2023.
2. 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.
3. 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 2023.
4. 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 2023.
5. 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.
6. 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.
7. That we have disclosed the following information to the Bank's Auditors and Audit Committee:
8. There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to recor process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and
9. There is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

SIGNED BY:

Mr. Adebanjo Adegbohungbe
Managing Director/CEO
FRC/2019/CIBN/00000019814
26 March 2024

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

Financial Statement

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

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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 2023;
- 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 2023, 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.

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 the relevant accounting standard. 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 includes 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:

- evaluated that the Bank's definition of default is consistent with the requirement of the relevant accounting standards, 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.
- with the assistance of our financial risk management specialists,
    - we assessed the reasonableness of the Bank's methodology for determining the probability of default.
    - we evaluated 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 haircut adjustments 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.
- we evaluated the adequacy of the financial statement's disclosures, including the disclosures of key assumptions and judgements, and assessed whether disclosures in the financial statements appropriately reflect the Bank's exposure to credit risk in line with the requirements of the relevant accounting standards.

The Bank's accounting policy on impairment, use of estimates and judgements, related disclosures on credit risk, and note on impairment charge for credit losses are shown in notes 3.6, 4.0- 4.1, 5.1 and 9 respectively.

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 on customers' complaints and feedback, Report of the board audit committee, Enterprise risk management report, Sustainability banking report, Whistle blowing 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 Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's 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 notdetecting 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.

KPMG

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 andbelief 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 and returns.

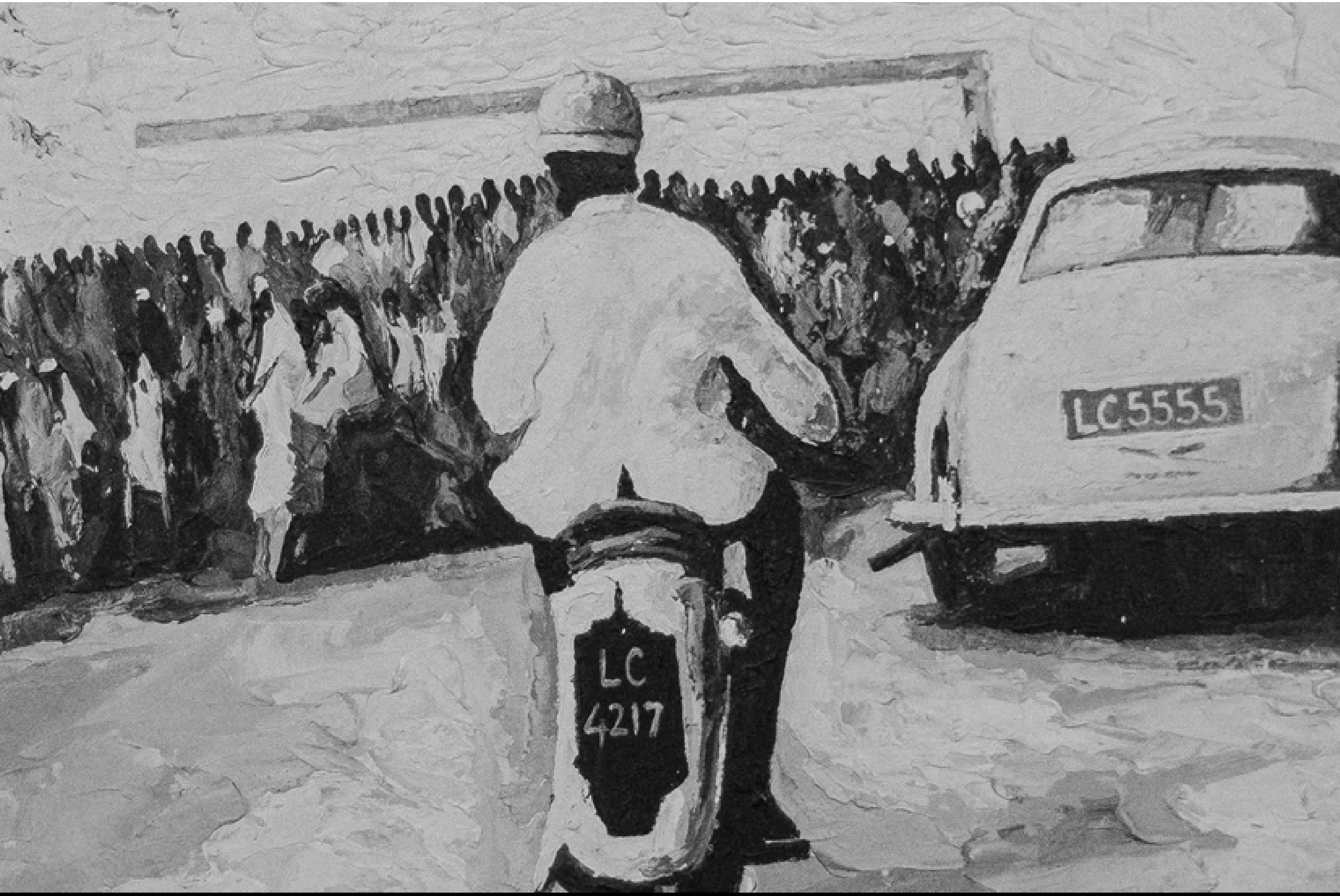
Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalties in respect of contravention of the banking regulation during the year ended 31 December 2023. 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.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
7 May 2024
Lagos, Nigeria



Financial Statements

Statement Of Profit Or Loss And Other Comprehensive Income

In thousands of Naira

For the year ended	Notes	Dec - 2023	Dec - 2022
Interest income calculated using the effective interest method	7	40,397,423	33,531,351
Interest expense	8	(47,208,207)	(37,963,641)
Net interest (expense)		**(6,810,784)**	**4,432,290**
Impairment writeback/(charge) on financial instruments	9	(1,668,400)	164,369
Net interest expense after impairment charges		**(8,479,184)**	**(4,267,921)**
Fee and commission income	10	11,663,559	2,588,953
Net income from other financial instruments at FVTPL	11	10,833,993	1,056,225
Net trading (loss)/income	12	(2,118,759)	234,785
Other operating income	13	803,325	510,513
Personal expenses	14	(2,289,424)	(2,147,849)
Other operating expenses	15	(6,936,067)	(6,256,621)
Profit/(Loss)/ before minimum taxation		**3,477,443**	**(8,281,915)**
Minimum tax	16	(263,768)	(190,491)
Profit before taxation		**3,213,675**	**(8,472,406)**
Income tax expense	16	(565,478)	(318,837)
Profit/(loss) for the year		**2,648,197**	**(8,791,243)**
Other companies income (OCI) net of income tax:			
Items that will not be subsequently reclassified to the income statement:			
- Equity Investment at FVOCI - net change in fair value	17	(4,299,350)	258,042
		(4,299,350)	258,042
Items that may be subsequently reclassified to the income statement:			
- Debt investments at FVOCI - net change in fair value	17	(1,384,890)	1,117,448
		(1,384,890)	1,117,448
Other comprehensive profit, net of related tax effects		**(5,684,240)**	**1,375,490**
Total comprehensive (loss)/profit for the year		**(3,036,043)**	**(7,415,753)**
Earnings per share attributable to ordinary shareholders			
Basic and diluted earnings /(loss) per share	18	51.59	(173)

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

Statement Of Financial Position

In thousands of Naira
As at

Assets	Notes	Dec - 2023	Dec - 2022
Cash and balances with banks	19	104,014,572	38,385,132
Due from financial institutions	20	36,675,560	6,255,393
Non pledged trading assets	21	9,846,668	8,909,633
Derivative financial assets	22	11,584,604	1,320,540
Investment securities	23	99,934,029	149,501,685
Pledged assets	24	7,839,254	21,640,509
Loans and advances to customers	25	166,230,881	186,105,656
Other assets	26	75,980,760	107,637,125
Right of use assets	27	228,545	250,808
Intangible assets	28	1,347,587	1,589,047
Property and equipment	29	6,970,099	6,709,812
Deferred tax assets	30	3,810,358	4,310,358
Total assets		**524,462,917**	**532,615,698**
Liabilities			
Due to financial institutions	31	181,654,159	105,959,982
Due to customers	32	181,694,003	211,726,915
Non-pledged trading liabilities	21	5,051,834	11,074,950
Derivative financial liabilities	22	1,285,368	980,424
Commercial paper liabilities	33(a)	-	8,257,130
Surbodinated liabilities	33(b)	24,991,944	24,918,279
Other borrowings	33(c)	-	9,037,329
Current tax liabilities	16	427,662	286,434
Other liabilities	34	92,024,240	128,386,776
Total liabilities		**487,129,210**	**500,628,219**
Equity			
Share capital	35	7,468,925	5,101,052
Share premium	35	9,827,323	3,812,925
Retained earnings	35	8,629,774	6,378,807
Statutory earnings	35	9,063,139	8,665,909
Fair value reserve	35	(1,908,371)	3,775,869
Regulatory risk reserve	35	4,252,917	4,252,917
Total equity attributes to owners of the Bank		**37,333,707**	**31,987,479**
Total liabilities and equity		**524,462,917**	**532,615,698**

The accompanying notes form an integral part of the financial statements. The financial statements were approved by the Board of Directors on 26 March 2023 and signed on its behalf by:

Babatunde Folawiyo
Chairman, Coronation Merchant Bank Limited
FRC/2014/NBA/00000006371

Banjo Adegbohungbe
Managing Director/CEO
FRC/2019/CIBN/00000019814

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 Reserves	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)	(1,384,890)
Net change in fair value on equity investments at FVOCI	-	-	-	-	-	(4,299,350)	(4,299,350)
Total comprehensive loss	-	-	2,648,197	-	-	(5,684,240)	(3,036,043)
Transfer to statutory reserve	-	-	(397,230)	397,230	-	-	-
Total appropriation	-	-	(397,230)	397,230	-	-	-
Transactions with equity holders of the Bank Contributions							
Additional capital through right issue	2,367,873	6,014,398	-	-	-	-	8,382,271
Total contributions	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

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Regulatory Risk Reserves	Fair value reserve	Total
Balance at 1 January 2022	5,050,546	3,655,348	16,479,948	8,665,909	3,549,085	2,400,379	39,801,215
Loss for the year	-	-	(8,791,243)	-	-	-	(8,791,243)
Other comprehensive income							
Net change in fair value on debt investments at FVOCI	-	-	-	-	-	1,117,448	-
Net change in fair value on equity investments at FVOCI	-	-	-	-	-	258,042	258,042
Total comprehensive loss	-	-	(8,791,243)	-	-	1,375,490	(7,415,753)
Transfer between reserves	-	-	(703,832)	-	703,832	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-
Total appropriation	-	-	(703,832)	-	703,832	-	-
Transactions with equity holders of the Bank Contributions and distributions							
Final dividend paid to shareholders	-	-	(606,066)	-	-	-	(606,066)
Additional capital through right issue	50,506	157,577	-	-	-	-	208,083
Total contributions and distributions	50,506	157,577	(606,066)	-	-	-	(397,983)
Balance at 31 December 2023	5,101,052	3,812,925	6,378,807	8,665,909	4,252,917	3,775,869	31,987,479

Statement of Cash Flows

In thousands of Naira *For the year ended*	Notes	Dec-2023	Dec-2022
Cash flows from operating activities			
Profit / (loss) before income tax from continuing operations		3,477,443	(8,281,915)
Adjustments for non-cash items:			
Depreciation charge on property and equipment	29	590,702	593,720
Depreciation charge on right of use assets	27	22,263	22,742
Amortisation of intangible assets	28	504,292	473,044
Loss on disposal of property and equipment	15	-	4,419
Impairment write back on loans and advances	9	1,464	(159,346)
Impairment charge on placements	9	6,148	21,493
Impairment charge on investment securities at FVOCI	9	103,646	(100,318)
Impairment charge on investment securities at Amortised cost	9	75,969	22,988
Impairment charge on cash	9	12,658	(22,681)
Impairment charge on off balance sheet items	9	(41,922)	(73,398)
Impairment charge on other asset	9	1,510,437	146,893
Net income from financial instruments designated as at FVTPL	11b	(629,359)	(781,381)
Unrealised foreign exchange (gain)/loss on revaluation	44(xvii)	(4,969,910)	342,602
Interest income	7	(40,397,423)	(33,531,351)
Interest expense	8	47,208,207	37,963,641
Dividend income	13	(476,946)	(317,529)
		6,997,669	**(3,676,377)**
Changes in working capital			
(Increase)/decrease in non-pledged trading assets	44(ii)	(59,935)	8,500,734
Increase in amounts due from financial institutions	44(v)	137,700	692,693
Increase in derivative financial instruments	44(vi)	(9,959,120)	(290,677)
Increase in restricted deposit with CBN	44(vii)	39,670,909	22,515,625
Decrease/(increase) in loans and advances to customers	44(viii)	30,871,063	(25,504,097)
Decrease in pledged assets	44(ix)	13,801,255	48,251,579
(Increase)/decrease in other assets	44(x)	(9,524,981)	1,220,482
(Decrease)/increase in amounts due to customers	44(xi)	(31,633,165)	32,797,242
Increase in deposits from financial institutions	44(xiii)	72,524,909	60,546,202
(Decrease)/increase in non-pledged trading liabilities	44(xii)	(6,023,116)	11,047,122
(Decrease)/increase in other liabilities	44(xv)	(41,839,593)	6,660,627
Net cash flows from operations		**64,963,595**	**162,761,154**
Interest received	44(xvi)	39,134,672	25,549,678
Interest paid	44(xvii)	(46,969,179)	(37,048,915)
Income taxes paid	16	(54,105)	(290,507)
Net cashflows from operating activities		**57,074,984**	**150,971,410**
Cash flows from investing activities			
Dividend received	13	476,946	317,529
Sale of FVTOCI investment securities	44(iii)	120,753,455	63,715,101
Purchase of FVTOCI investment securities	44(iii)	(74,378,837)	(77,085,443)
Purchase of property and equipment	29	(909,216)	(580,604)
Addition to right of use assets	27	-	(237,602)
Purchase of intangible assets	28	(89,692)	(644,736)
Sale of amortised cost investment securities	44(iv)	26,441,151	10,816,330
Purchase of amortised cost investment securities	44(iv)	(43,159,506)	(77,267,198)
Proceeds from sale of property and equipment	44(i)	58,231	61,513
Net cash generated from/(used in) investing activities		**29,192,533**	**(80,905,111)**

Cash flows from financing activities			
Proceed from issuance of commercial paper liabilities	33(a)	-	61,138,441
Principal repayment on commercial paper liabilities	33(a)	(6,396,004)	(109,449,558)
Net proceeds from other borrowings	33(c)	(8,956,237)	-
Net proceeds from shares issued	35(a)	8,382,271	50,506
Dividend paid to equity holders	41	-	(606,066)
Net cash used in from financing activities		**(6,969,970)**	**(48,866,677)**
Increase in cash and cash equivalents		**79,297,547**	**21,199,622**
Cash and cash equivalents at 1 January		43,769,067	22,596,437
Effect of exchange rate changes on cash and bank balances held	44(xvii)	1,618,291	(26,992)
Cash and cash equivalents at 31 December		**124,684,905**	**43,769,067**
Cash and cash equivalents comprise:			
Balances with banks	20.1	76,269,341	32,088,832
Unrestricted balances with central banks	20.1	11,740,004	5,424,842
Placement with other financial institutions with maturity of less than 90 days	20.1	36,675,560	6,255,393
		124,684,905	**43,769,067**

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

Statement of Cash Flows

In thousands of Naira

Cash flows from operating activities	Notes	Dec-22	Dec-21
(Loss)/profit before income tax from continuing operations		(8,281,915)	2,795,998
Adjustments for non-cash items:			
Depreciation charge on property and equipment	29	593,720	583,016
Depreciation charge on right of use assets	27	22,742	28,567
Amortisation of intangible assets	28	473,044	382,148
Loss on disposal of property and equipment	15	4,419	12,597
Impairment charge on loans and advances	9	(159,346)	43,639
Impairment charge on placements	9	21,493	3,589
Impairment charge on investment securities at FVOCI	9	(100,318)	223,822
Impairment charge on investment securities at Amortised cost	9	22,988	4,416
Impairment charge on cash	9	(22,681)	2,995
Impairment charge on off balance sheet items	9	(73,398)	117,955
Impairment charge on other asset	9	146,893	107,507
Write off of unquoted equity	15	-	22,707
Net income from financial instruments designated as at FVTPL	11b	(781,381)	(1,790,668)
Unrealised foreign exchange loss on revaluation	12	342,602	301,459
Interest income	7	(33,531,351)	(34,107,042)
Interest expense	8	37,963,641	33,107,688
Dividend income	13	(317,529)	(264,260)
		(3,676,378)	1,576,133
Cash flows from operating activities			
Non-pledged trading assets	45(ii)	8,500,734	(4,150,239)
Due from financial institutions	45(v)	692,693	10,090,399
Derivative financial instruments	45(vi)	(290,677)	21,783
Restricted deposit with CBN	45(vii)	22,515,625	(49,523,698)
Loans and advances to customers	45(viii)	(25,504,097)	(26,467,042)
Pledged assets	45(ix)	48,251,579	(53,787,781)
Other assets	45(x)	1,220,482	5,848,841
Due to customers	45(xi)	32,797,242	(19,373,076)
Deposits from financial institutions	45(xiii)	60,546,202	(8,352,706)
Non-pledged trading liabilities	45(xii)	11,047,122	23,185
Other liabilities	45(xv)	6,660,628	35,183,474
Cash generated from/(used in) operations		162,761,155	(108,910,728)
Interest received	45(xvi)	25,549,678	32,852,464
Interest paid	45(xvii)	(37,048,915)	(28,807,269)
Income taxes paid	16	(290,507	147,852
Net cashflows generated from/(used in) operating activities		150,971,411	(105,013,384)
Cash flows from investing activities			
Dividend received	13	317,529	264,260
Sale of FVTOCI investment securities	45(iii)	63,715,101	82,406,152
Purchase of FVTOCI investment securities	45(iii)	(77,085,443)	(46,998,547)
Purchase of property and equipment	29	(580,604)	(799,677)
Addition to right of use assets	27	(237,602)	(10,521)
Purchase of intangible assets	28	(644,736)	(682,920)
Sale of amortised cost investment securities	45(iv)	10,816,330	11,001,065
Purchase of amortised cost investment securities	45(iv)	(77,267,198)	(2,207,900)
Proceeds from sale of property and equipment	45(i)	61,513	1,802
Net cash (used in)/generated from investing activities		(80,905,111)	42,973,713

Cash flows from financing activities	Notes	Dec-22	Dec-21
Proceed from issuance of commercial paper liabilities	33(a)	61,138,441	71,291,624
Principal repayment on commercial paper liabilities	33(a)	(109,449,558)	(28,306,479)
Net proceeds from other borrowings	33(c)	-	8,391,723
Net proceeds from shares issued	35(b)	50,506	-
Dividend paid to equity holders	41	(606,066)	(1,666,680)
Net cash (used in)/generated from investing activities		(48,866,677)	49,710,188
Increase/(Decrease) in cash and cash equivalents		21,199,623	(12,329,483)

Analysis of changes in cash and cash equivalents

At start of year		22,596,390	34,925,873
Effect of exchange rate changes on cash and bank balances		26,992	16,957
At end of year		43,769,020	22,579,433
Increase/(Decrease) in cash and cash equivalents		21,199,623	(12,329,483)

Cash and cash equivalents comprise:

Balances with banks	20.1	32,115,777	11,555,654
Unrestricted balances with central banks	20.1	5,424,842	102,503
Placement with other financial institutions with maturity of less than 90 days	20.1	6,253,393	10,938,233
Cash generated from/(used in) operations		43,796,012	22,596,390

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 as a discount house 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 26 March 2024.

(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 comprhensive incomes

(c) 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 Change in material accounting policy.

(a) Material accounting policy information

The Bank also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity -specific accounting policy information that users need to understand other information in the financial statements.

(b) New and amended standards issued and effective/ not yet effective for the financial year ended 31 December 2023

(i) New standards and interpretations effective during the year

A number of new standards, amendments to standards and interpretations, are effective for the year ended 31 December 2023.

- Amendment to IAS 1
- Amendment to IFRS 16
- Amendments to IAS 7 and IFRS 7
- Amendments to IAS 21
- Amendments to IFRS 10 and IAS 28

These standards do not have any impact on the December 2023 financial statements of Coronation Merchant Bank

(i) New standards and interpretations not yet adopted

A number of new IFRS Accounting Standards, Amendments to IFRS Accounting Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these consolidated (or separate) financial statements. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Group (or Company) are set out below. The Bank does not plan to adopt these standards early. The IFRS Accounting Standards will be adopted in the period that they become mandatory unless otherwise indicated:

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 1	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	October 2022	1 January 2024	Under existing IAS 1 requirements,companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In addition a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller- lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a saleand-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re- examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May 2023	1 January 2024	The amendments apply to supplier finance arrangements that have all the following characteristics. • A finance provider pays amounts a company (the buyer) owes it suppliers. • A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. • The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date. The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received payments from finance providers. Companies may need to obtain this information from their finance providers directly. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial.
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	The amendments clarifies: • 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.

Standard/Interpretation		Date Issued by ISAB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
				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 amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	The effective date of this amendment has been deferred indefinitely by the IASB.	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely.

3. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In addition, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies.

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 control 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 re-measurements 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 recognized 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 recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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

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.

(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.

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 recognized 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 recognized 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 amortization 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 judgment 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 minimize 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 amortized cost using the effective interest method. Amortized 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 recognized 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 a 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 amortized 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
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.

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

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 u0aterally 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 securities.

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 nonobservable 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 the expected credit losses.

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.

• 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.

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.

(c) 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 c omparative 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 loss 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 fro m financial guarantees and loan 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

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.

(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.

3.15 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 estim ates 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

Statement of prudential adjustments		**Dec-23**	**Dec-22**
In thousands of Naira			
Bank	Note		
Loans & advances:			
Expected Credit Loss (ECL) on loans and advances to customers			
- Loans to individuals	25(b)	2,122	10,481
- Loans to corporates	25(b)	116,624	106,801
- Impairment on contingents	34(ii)	(32,530)	74,452
Total impairment allowances on loans per IFRS		**86,216**	**191,734**
Regulatory credit impairment based on prudential guidelines		3,172,495	4,444,650
Other known losses		735,152	273,798
Total regulatory impairment based on prudential guidelines		3,907,647	4,718,448
Required Regulatory Risk Reserve		**3,821,431**	**4,526,714**
Movement in Regulatory Risk Reserve			
Balance, beginning of the year		4,252,917	3,549,085
Transfers (from)/to regulatory risk reserve		-	703,832
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 N3.81bn (2022: N4.31bn) which relates to mainly carried forward tax losses of the bank. These losses arise due to tax-exempt nature of the Bank's income from government securities.

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

4.3.1 Recurring fair value measurements

December 2023

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Treasury bills	21	310,458	1,449,098	-	1,759,556
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	22	-	11,584,604	-	11,584,604
Pledged assets					
Treasury bills-FVOCI	24	199,741	-	-	199,741
Treasury bills-FVTPL	24	-	-	-	-
Special bills	24	399,210	-	-	399,210
Promissory notes	24	942,005	-	-	942,005
Government Bonds	24	6,298,298	-	-	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
Promissory notes	23(a)	-	-	-	6,970,555
Bonds	23(a)	850,289	3,870,050	-	4,720,339
Equity securities	23(a)	-	-	425,255	425,255
		69,198,738	**23,026,124**	**425,255**	**92,650,117**
Liabilities					
Derivative financial liabilities	22	-	1,285,368	-	1,285,368
Non pledged trading *liabilities:*					
Treasury bills	21(b)	794,312	-	-	4,117,869
Government bonds	21(b)	4,257,522	-	-	4,257,522
		5,051,834	**1,285,368**	**-**	**6,337,202**

December 2022

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Treasury bills	21	4,927,920	1,106,350	-	6,034,271
Unquoted securities - FVTPL	21	-	-	3,127,783	3,127,783
Corporate Eurobond	21	37,226	-	-	37,226
Government bonds	21	5,064,429	-	-	5,064,429
Derivative financial assets	22	-	1,320,540	-	1,320,540
Pledged assets					
Treasury bills-FVOCI	24	11,817,169	1,259,865	-	13,077,034
Treasury bills-FVTPL	24	-	-	-	-
Special bills	24	42,517,139	4,598,754	-	47,115,893
Investment securities					
- Financial Instruments at FVOCI					
Treasury bills	23(a)	700,068	200,832	-	900,901
Special bills	23(a)	-	17,090,802	-	17,090,802
Promissory notes	23(a)	4,032,658	2,937,897	-	6,970,555
Bonds	23(a)	13,775,675	1,067,987	-	14,843,663
Equity securities	23(a)	-	-	15,724,490	15,724,490
		82,872,285	**29,583,027**	**18,852,273**	**131,307,586**
Liabilities					
Derivative financial liabilities	22	-	980,424	-	980,424
Non pledged trading *liabilities:*	21(b)	4,117,869	-	-	4,117,869
Government bonds	21(b)	3,038,368	-	-	3,038,368
		7,156,237	**980,424**	**-**	**8,136,661**

4.3.2 Financial instruments not measured at fair value

Bank

December 2023

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading 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
Investment securities					
- Financial assets at amortised cost					
Bonds	23(b)	-	36,554,437	-	36,554,437
Other assets	26	-	-	75,980,760	75,980,760
		-	**343,475,450**	**75,980,760**	**419,456,210**
Liabilities					
Deposits from financial institutions	31	-	181,654,159	-	181,654,159
Due to customers	32	-	181,694,003	-	181,694,003
Commercial paper liabilities	33(a)	-	-	-	-
Surbodinated liabilities	33(b)	-	24,991,944	-	24,991,944
Other Borrowings	33(c)	-	-	-	-
Other liabilities	34	-	89,208,499	-	89,208,499
			477,548,605	**-**	**477,548,605**

Bank
December 2022
In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks	19	-	38,385,179	-	38,385,179
Due from financial institutions	20	-	6,262,972	-	6,262,972
Loans and advances to customers	25	-	186,222,938	-	186,222,938
Pledged assets					
Bonds	24	-	5,785,767	-	5,785,767
Investment securities					
- Financial assets at amortised cost					
Bonds	23(b)	-	2,779,032	-	2,779,032
Other assets	26	-	105,714,725	-	105,714,725
		-	345,150,613	-	345,150,613
Liabilities					
Deposits from financial institutions	31	-	105,959,982	-	105,959,982
Due to customers	32	-	211,726,915	-	211,726,915
Commercial paper liabilities	33(a)	-	8,257,130	-	8,257,130
Surbodinated liabilities	33(b)	-	24,918,279	-	24,918,279
Other Borrowings	33(c)	-	9,037,329	-	9,037,329
Other liabilities	34	-	126,282,354	-	126,282,354
		-	486,181,989	-	486,181,989

(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 the investment securities 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) Deposits to financial institutions

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(viii) Other liabilities

The carrying amount of financial assets in other liabilities is a reasonable approximation of fair value.

(ix) Commercial Paper

The estimated fair value of commercial papers represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at effective interest rates to determine fair value.

(x) 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.

(xii) 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-2023 (N'b)	Valuation technique	Significant unobservable input	Significant unobservable input
Unquoted equities carried at FVOCI	N425m (2022:N 15.7b)	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-2023 (N'b)	Valuation technique	Significant unobservable input	Significant unobservable input
Unquoted equities at FVTPL	N3.92b (2022:N3.13b)	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	Average of price to book value, price to earnings (P/E) and recent transaction price was used	Average of price to book value and price to earnings (P/E)	- Illiquidity discount	0.02 (2022: 1.90)	0.02 (2022: 0.35)

Type of financial instrument	Valuation technique	Significant unobservable input	Variance in fair value	Effect on P/L	
				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%	0.05 (2022: 0.80)	0.05 (2022: 0.25)

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 v aluation 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. Instruments included in Level 2 are derivatives financial instruments and corporate bonds.

(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:

December 2023 *In thousands of Naira*	*Notes*	Financial assets At fair value through profit or loss	Financial assets At fair value through other comprehensive income	Financial assets At amortised cost	Financial liabilty At fair value through profit or loss	Financial liabilty At amortised cost
Cash and balances with banks						
Cash and balances with banks	1	-	-	104,014,572	-	-
	9				-	-
Due from financial institutions	20	-	-	36,675,560	-	-
Derivative financial assets Non pledged trading assets	22	11,584,604	-	-	-	-
					-	-
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			
Promissory notes	23(a)		-			
State government bonds	23(a)	-	-	-	-	-
Eurobonds	23(a)	-	3,165,077	-	-	-
Corporate bonds	23(a)	-	-	-	-	-
Equity securities with readily determinable fair values	23(a)	-	-	-	-	-
Unquoted equity securities at fairvalue	23(a)	-	425,255	-	-	-
Investment securities at amortised cost						
Federal government bonds	23(b)	-	-	36,554,437	-	-
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	424,647,362	6,337,202	477,548,605

NOTES TO THE FINANCIAL STATEMENTS

Bank	*Notes*	**Financial assets**			**Financial liabilty**	
December 2022 *In thousands of Naira*		**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**
Cash and balances with banks						
Cash and balances with banks	19	-	-	38,385,132	-	-
Due from financial institutions	20	-	-	6,255,393	-	-
Derivative financial assets	22	1,320,540	-	-	-	-
Non pledged trading assets					-	-
Treasury bills	21(a)	680,195	-	-	-	-
Government bonds	21(a)	5,064,429	-	-	-	-
Unquoted securities - FVTPL	21(a)	3,127,783				
Corporate Eurobond	21(a)	37,226				
Investment securities Investment securities at FVTOCI					-	-
Federal government bonds	23(a)	-	-	-	-	-
Treasury bills	23(a)	-	6,987,576	-	-	-
Special bills	23(a)		43,783,245			
Promissory notes	23(a)		-			
State government bonds	23(a)	-	-	-	-	-
Eurobonds	23(a)	-	10,959,614	-	-	-
Corporate bonds	23(a)	-	-	-	-	-
Equity securities with readily determinable fair values	23(a)	-	-	-	-	-
Unquoted equity securities at fairvalue	23(a)	-	15,724,490	-		
Investment securities at amortised cost						
Federal government bonds	23(b)	-	-	72,046,760	-	-
Pledged assets						
Government bonds	24	-	-	11,249,832	-	-
Treasury bills	24	-	-	-	-	-
Special bills		-	10,390,677	-		
Loans and advances to customers	25	-	-	186,105,656	-	-
Other assets	26	-	-	105,934,958	-	-
Financial liabilities						
Deposits to financial institutions	31	-	-	-	-	105,959,982
Due to customers	32	-	-	-	-	211,726,915
Non pledged trading liabilities						
Government bonds	21(b)	-	-	-	3,038,368	-
Treasury bills	21(b)				4,117,869	-
Commercial paper liabilities	33(a)					8,257,130
Subordinated liabilities	33(b)					24,918,279
Other borrowings	33(c)					9,037,329
Derivative financial liabilities	22	-	-	-	980,424	-
Other liabilities	34	-	-	-	-	126,282,354
		10,230,173	**87,845,602**	**419,977,731**	**8,136,661**	**486,181,989**

4.5 Financial assets and liabilities - Fair value measurement

(a) Accounting classification measurement basis and fair values

Bank

In thousands of Naira	Note	Financial assets measured through	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial Liabilities measured at amortised cost	Total carrying amount	Fair value
December 2023								
Cash and balances with banks	19	-	104,014,572	-	-		104,014,572	104,027,276
Due from financial institutions	20	-	36,675,560	-	-		36,675,560	36,689,287
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	10,390,677
-Government Bonds	24	-	6,298,298	-	-		6,298,298	11,249,832
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
-Promissory notes	23(a)	-	-	-			-	-
-Bonds	23(a)	-	-	4,720,339	-	-	4,720,339	4,720,339
-Equity	23(a)	-	-	-	-	-	-	-
-Financial assets at amortised cost								
-Bonds	23(b)	-	19,426,807	-	-	-	19,426,807	19,426,807
-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	-	75,980,760		-	-	75,980,760	76,657,851
		21,431,272	**425,976,627**	**63,553,288**	-	-	**510,961,187**	**526,607,710**
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
Commercial paper liabilities	33(a)	-	-	-	-	-	-	-
Surbodinated Liabilities	33(b)	-	-	-	-	24,991,944	24,991,944	24,991,944
Other Borrowings	33(c)	-	-	-	-	-	-	-
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
Bank		3,972,209	-	-	6,337,202	477,548,605	487,858,016	487,858,016

In thousands of Naira December 2022		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	-	38,385,132	-	-	-	38,385,132	38,385,179
Due from financial institutions	20	-	6,255,393	-	-	-	6,255,393	6,262,972
Non pledged trading assets					-			
-Treasury bills	21	680,195	-	-	-	-	680,195	680,195
-Government bonds	21	5,064,429	-	-	-	-	5,064,429	5,064,429
-Equity					-	-	-	-
-Unquoted securities - FVTPL	21	3,127,783					3,127,783	3,127,783
-Corporate Eurobond	21	37,226					37,226	37,226
Derivative financial assets	22	1,320,540	-	-	-	-	1,320,540	1,320,540
Loans and advances to customers	25	-	186,222,938	-	-	-	186,222,938	186,222,938
Pledged assets								
-Treasury bills	24	-	-	-	-	-	-	-
-Special bills	24	-	-	10,390,677			10,390,677	10,390,677
-Government Bonds	24	-	11,249,832	-	-	-	11,249,832	11,249,832
Investment securities								
-Financial assets at FVTOCI								
-Treasury bills	23(a)	-	-	6,987,576	-	-	6,987,576	6,987,576
-Special bills	23(a)	-	-	43,783,245			43,783,245	43,783,245
-Promissory notes	23(a)	-	-	-			-	-
-Bonds	23(a)	-	-	10,959,614	-	-	10,959,614	10,959,614
-Equity	23(a)	-	-	15,724,490	-	-	15,724,490	15,724,490
-Financial assets at amortised cost								
-Treasury bills		-	-	-	-	-	-	-
-Bonds	23(b)	-	54,152,937	-	-	-	54,152,937	54,152,937
-Promissory notes	23(b)		7,209,695				7,209,695	7,209,695
-State government bonds	23(b)		2,656,322				2,656,322	2,656,322
-Corporate bonds	23(b)		8,055,210				8,055,210	8,055,210
Other assets	26	-	105,714,725		-	-	105,714,725	106,208,756
		10,230,173	419,902,184	87,845,602	-	-	517,977,959	518,479,616
Deposits to financial institutions	31	-	-	-	-	105,959,982	105,959,982	105,959,982
Due to customers	32	-	-	-	-	211,726,915	211,726,915	211,726,915
Non pledged trading liabilities								
- Treasury bills	21(b)	-	-	-	4,117,869	-	4,117,869	4,117,869
- Bonds	21(b)	3,038,368	-	-	3,038,368	-	6,076,736	6,076,736
Commercial paper liabilities	33(a)	-	-	-	-	8,257,130	8,257,130	8,257,130
Surbodinated Liabilities	33(b)	-	-	-	-	24,918,279	24,918,279	24,918,279
Other Borrowings	33(c)	-	-	-	-	9,037,329	9,037,329	9,037,329
Derivative financial instruments	22		-	-	980,424	-	980,424	980,424
Other liabilities	34	-	-	-	-	126,282,354	126,282,354	126,282,354
		3,038,368	-	-	8,136,661	486,181,989	497,357,018	497,357,018

5 Financial Risk Management

5.1 Credit risk management

In Coronation Merchant Bank, 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 Appetite and 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.

Coronation Merchant Bank recognizes the fact that its main asset is its loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out 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.

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 management 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 roles:

i. Approval of credit Risk framework 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):

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. All other functions with regards to credit risk management is at the Risk Management level.

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

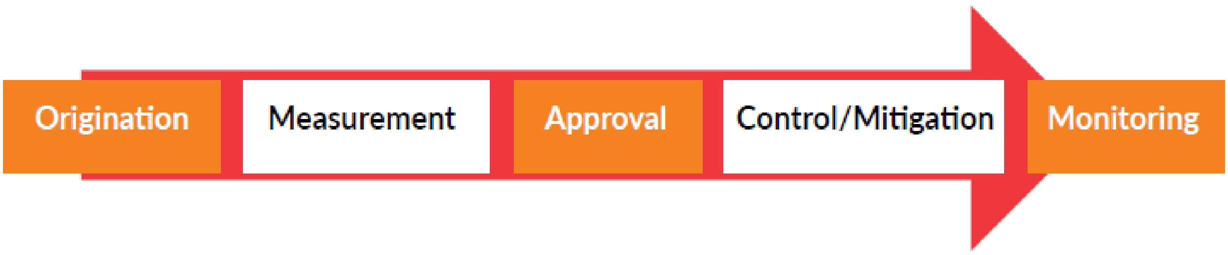
In Coronation Merchant Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

Not withstanding 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. The data required to facilitate the IRB approach are being gathered.

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

In Coronation Merchant Bank, all businesses must have a documented and approved Risk Rating Process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programs). 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. Risk rating process of each business must be in compliance with the Bank's Risk rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved annually, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Credit Risk Manager for the business, must be re- approved.

Responsibilities of Business Units and Credit Risk Management

At 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

The risk rating scale and the external rating equivalent is detailed below

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 the highest quality, subject to the lowest level of credit risk.
2 1- 2+	A+ A AA-	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+ BB 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 guarantees/ insurance.

At 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.

However primary consideration when approving credits is always the obligor's financial strength and debtservicing 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 mitigant to control 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 it can 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, in cases 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

Credit risk Monitoring has the responsibility of the Loan Monitoring Department which reports to the Chief Risk Officer. 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	December 2023	December 2022
Cash and balances with banks	19	104,014,572	38,385,132
Due from financial institutions	20	36,675,560	6,255,393
Non pledged trading assets			
- Treasury bills	21(a)	1,759,556	680,195
- Bonds	21(a)	4,162,567	5,101,655
Derivative financial assets	22	11,584,604	1,320,540
Loans and advances to customers	25	166,349,627	186,105,656
Pledged assets			
- Bonds	24	6,298,298	11,249,832
- Treasury bills	24	-	-
- Special bills	24	399,210	10,390,677
Investment securities			
Fair value through other comprehensive income			
Treasury bills	23(a)	5,958,072	6,987,576
Special bills	23(a)	52,275,926	43,783,245
Promissory notes	23(a)	-	-
Bonds	23(a)	4,720,339	10,959,614
Amortised cost			
- Bonds	23(b)	36,554,437	72,046,760
Other assets	26	74,873,614	105,934,958
Total		505,626,382	499,201,233

Off balance sheet exposures			
Guaranteed credit facilities	36	4,202,707	15,906,508
Clean line facilities for letters of credit and other trade commitments	36	19,084,574	96,262,203
Total		23,287,281	112,168,711

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 2023 and 31 December 2022, without taking account of any collateral held or other credit enhancements attached.

A portion of the Bank's financial assets originated by investements 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 2023	December 2022
Agriculture	4,914,522	22,504,727
Construction	525,547	817,816
Finance and insurance	86,158	1,504,294
General	874,073	769,077
General commerce	23,222,235	12,066,066
Information And communication	-	2,722,571
Other Manufactiring (Industries)	88,213,607	115,539,362
Real Estate	1,375,521	1,182,239
Oil And Gas - Downstream	32,032,227	23,218,897
Minning & Quarrying	5,094,145	5,714,173
Logistics	7,971,680	183,713
Telecoms	2,039,911	-
	166,349,627	186,222,937

5.1.3 (a) Credit quality by class

December 2023

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	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard 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	Carrying amount
Investment	98,175,584	-	-	98,175,584	42,432	-	-	42,432	98,133,152
Standard 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	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	23,287,281	-	-	23,287,281	(32,530)	-	-	(32,530)	23,319,811
	23,287,281	-	-	23,287,281	(32,530)	-	-	(32,530)	23,319,811

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	Carrying amount
Standard 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	Carrying amount
Internal rating 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	Carrying amount
Non-Investment	76,657,851	1,784,237	74,873,614
	76,657,851	1,784,237	74,873,614

*There were no modifications of contractual cash flows during the year.

Credit quality by class
December 2022
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	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	769,077	-	-	769,077	589	-	-	589	768,488
	769,077	-	-	769,077	589	-	-	589	768,488

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	Carrying amount
Internal rating grade									
Investment	77,026,447	-	-	77,026,447	12,902	-	-	12,902	77,013,544
Standard grade	108,427,414	-	-	108,427,414	103,791	-	-	103,791	108,323,622
	185,453,860	-	-	185,453,860	116,693	-	-	116,693	185,337,167

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	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	112,168,711	-	-	112,168,711	74,452	-	-	74,452	112,094,259
	112,168,711	-	-	112,168,711	74,452	-	-	74,452	112,094,259

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	Carrying amount
Standard grade	-	-	-	-	-	-	-	-	-
Speculative	162,868,814	-	-	162,868,814	27,404	-	-	27,404	162,841,410
	162,868,814	-	-	162,868,814	27,404	-	-	27,404	162,841,410

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	Carrying amount
Standard grade	-	-	-	-	-	-	-	-	-
Speculative	6,262,972	-	-	6,262,972	7,579	-	-	7,579	6,255,393
	6,262,972	-	-	6,262,972	7,579	-	-	7,579	6,255,393

Other assets (Using simplified approach)
In thousands of Naira

	Gross amount	ECL	Carrying amount
Non-Investment	106,208,756	273,798	105,934,958
	106,208,756	273,798	105,934,958

December 2023
In thousands of Naira
Loans to Retail Customers

External Rating EGrade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
BBB+	Standard	766,842	-	-	766,842	2,122		-	2,122	764,720
		766,842	-	-	766,842	2,122	-	-	2,122	764,720

Loans to Corporate Customers

External Rating Equivalent Grade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
A+	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
BBB+	Standard	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

External Rating Equivalent Grade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
AAA	Investment	-	-	-	-	-	-	-	-	-
AA+	Investment	-	-	-	-	-	-	-	-	-
AA	Investment	-	-	-	-	-	-	-	-	-
AA-	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

December 2022

In thousands of Naira

Loans to Retail Customers

External Rating Equivalent Grade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
BBB+	Standard	769,077	-	-	769,077	589	-	-	589	768,488
		769,077	**-**	**-**	**769,077**	**589**	**-**	**-**	**589**	**768,488**

Loans to Corporate Customers

External Rating Equivalent Grade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
AA+	Investment	17,809,912	-	-	17,809,912	125	-	-	125	17,809,787
A	Investment	4,227,904	-	-	4,227,904	763	-	-	763	4,227,141
A-	Investment	54,988,631	-	-	54,988,631	12,014	-	-	12,014	54,976,617
BBB+	Standard	108,427,414	-	-	108,427,414	103,791	-	-	103,791	108,323,623
		185,453,860	**-**	**-**	**185,453,860**	**116,693**	**-**	**-**	**116,693**	**185,337,167**

Investment securities

External Rating Equivalent Grade		Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
AAA	Investment	-	-	-	-	-	-	-	-	-
AA+	Investment	-	-	-	-	-	-	-	-	-
AA	Investment	-	-	-	-	-	-	-	-	-
AA-	Investment	-	-	-	-	-	-	-	-	-
A+	Investment	-	-	-	-	-	-	-	-	-
A	Investment	-	-	-	-	-	-	-	-	-
A-	Investment	-	-	-	-	-	-	-	-	-
B-	Speculative	162,868,814	-	-	162,868,814	27,404	-	-	27,404	162,841,410
		162,868,814	**-**	**-**	**162,868,814**	**27,404**	**-**	**-**	**27,404**	**-**

Derivative Financial Instruments

External Rating Equivalent Grade		Gross Nominal Dec-23	Gross Nominal Dec-22	Fair Value Dec-23	Fair Value Dec-22
AAA	Investment	28,664,106	23,802,216	11,584,604	1,320,540
Gross amount		28,664,106	23,802,216	11,584,604	1,320,540

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 2023
In thousands of Naira
Loans and advances to retail customers

	Gross amount Stage 1	Gross amount Stage 2	Gross amount Stage 3	Gross amount Total	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Total	Carrying 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 Stage 1	Gross amount Stage 2	Gross amount Stage 3	Gross amount Total	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Total	Carrying 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**

December 2022
Loans and advances to retail customers

	Gross amount Stage 1	Gross amount Stage 2	Gross amount Stage 3	Gross amount Total	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Total	Carrying Amount
Mortgage Loan	235,694	-	-	235,694	8,118	-	-	8,118	227,576
Personal Loan	533,383	-	-	533,383	2,363	-	-	2,363	531,020
	769,077	**-**	**-**	**769,077**	**10,481**	**-**	**-**	**10,481**	**758,596**

Loans and advances to corporate customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying Amount
Overdraft	6,625,549	-	-	6,625,549	94,896	-	-	94,896	6,530,653
Term Loan	178,828,312	-	-	178,828,312	171,251	-	-	171,251	178,657,061
	185,453,861	**-**	**-**	**185,453,861**	**266,147**	**-**	**-**	**266,147**	**185,187,714**

Analysis of inputs to the ECL model under multiple economic scenerios

Key Drivers of ECL	ECL Scenario	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 2023	December 2022
Against neither past due and not impaired		
Property	14,728,677	17,253,333
Cash	53,359,894	37,423,248
Pledged goods and assets	2,378,412	35,817,768
All asset debentures and guarantees	837,700,845	363,701,790
Investments	35,000	1,500,703
Total	**908,202,829**	**455,696,842**

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 creditworthiness, 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 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	-	-	11,584,604
Loans and advances to customers	165,380,003	86,158	-	764,720	166,230,881
Pledged assets					
-Treasury bills	-	-	-	-	-
-Special bills	-	-	399,210	-	399,210
-Bonds	-	-	6,298,298	-	6,298,298

By Sector (Cont'd)
December 2023

In thousands of Naira	Corporate	Finance and insurance	Government	Others	Total
Investment securities					
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					
-Bonds	7,995,495	-	28,558,942	-	36,554,437
Other assets	13,860,776	-	61,012,838	-	74,873,614
Total	190,381,657	152,360,894	162,000,365	764,720	505,507,636

December 2022

In thousands of Naira	Corporate	Finance and insurance	Government	Others	Total
Cash and balances with banks	-	38,385,132	-	-	38,385,132
Due from financial institutions	-	6,255,393	-	-	6,255,393
Non pledged trading assets					
-Treasury bills	-	-	680,195	-	680,195
-Bonds	-	-	5,101,655	-	5,101,655
Derivative financial assets	-	1,320,540	948,261	-	2,268,801
Loans and advances to customers	183,842,766	1,504,294	-	768,488	186,115,548
Pledged assets					
-Treasury bills	-	-	-	-	-
-Special bills	-	-	10,390,677	-	10,390,677
-Bonds	-	-	11,249,832	-	11,249,832
Investment securities					
Fair value through other comprehensive income					
-Treasury bills	-	-	6,987,576	-	6,987,576
-Special bills	-	-	43,783,245	-	43,783,245
-Bonds	-	-	10,959,614	-	10,959,614
Amortised cost					
-Bonds	-	-	72,046,760	-	72,046,760
Other assets	5,251,211	-	100,683,747	-	105,934,958
Total	189,093,977	47,465,359	262,831,562	768,488	500,159,386

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, commodity 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 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 MD/CEO is responsible for approving specific position limits, 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 proposed by the Bank's head of trading, reviewed by the market risk officer/team and then accepted by the Bank's Chief Risk Officer and reviewed by the Bank's CEO. The size of each position limit is 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 the Risk Committee daily (through a dashboard) 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, which are reported to business risk governance and control committees. 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 confidence level.

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. To assess their predictive power, VaR models are back tested against actual results.

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. Daily losses exceeding the DVaR figure are likely to occur, on average, three times in a year.

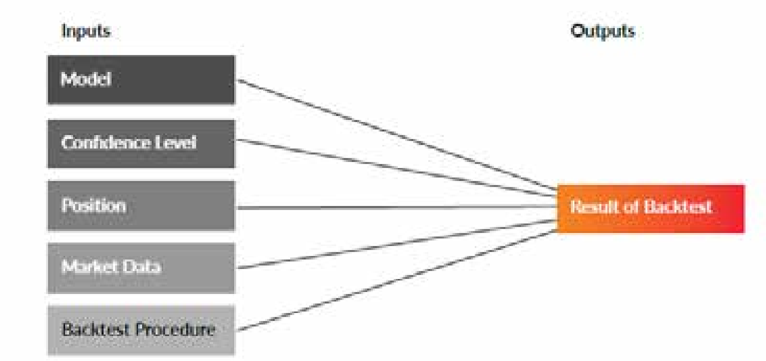
Coronation Merchant Bank uses an internal DVaR model based on the variance-covariance (analytical) method. Two years of unweighted historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding year at a 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

- 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
- 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.



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 test scenarios 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.

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 Group 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 which are the expected maximum exposure the Group 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 Group 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 10% 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 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	9,464,610	7,069,006	-	-	-	22,832,138	39,365,754
Loans and advances to customers	56,539,851	52,188,170	14,971,466	29,942,933	12,707,207	-	166,349,627
Pledged assets	-	-	-	-	-	-	
-Treasury bills	199,741	-	-	-	-		199,741
-Special bills	399,210	-	-	-	-		399,210
-Bonds	-	-	-	1,576,545	4,721,753	-	6,298,298
Investment securities	-	-	-	-	-	-	-
Fair value through other comprehensive income							-
-Treasury bills	323,572	4,274,053	1,360,448	-	-	-	5,958,072
-Special bills	34,872,170	17,403,756	-	-	-	-	52,275,926
-Promissory notes	-	-	-	-	-	-	-
-Bonds	-	-	-	3,165,077	1,555,262	-	4,720,339
Amortised cost	-	-	-	-	-	-	-
-Bonds	30,893	-	-	8,751,536	20,842,727	-	29,625,156
-Promissory notes							-
Other assets	-	-	-	-	-	74,873,614	74,873,614
	110,912,842	**81,781,335**	**44,965,680**	**43,852,906**	**43,444,905**	**201,720,324**	**526,677,992**
Deposits to financial institutions	61,187,244	47,260,014	63,205,565	14,127,128	-	-	185,779,951
Due to customers	1,430,816	69,795	80,699	17,938	2,347	-	1,601,595
Non pledged trading liabilities	-	-	-	4,257,522	-	-	
-Treasury bills			794,312	-	-	-	794,312
-Bonds				2,089	4,255,433		4,257,522
Derivative financial liabilities	120,443	406,558	-	-	-	758,367	1,285,368
Commercial paper liabilities	-	-	-	-	-	-	-
Surbodinated Liabilities	-	-	-	24,991,944	-	-	24,991,944
Other borrowings	-	-	-	-	-	-	-
Other liabilties	31,398,742	-	-	-	24,735,278	35,890,218	92,024,238
	94,137,245	**47,736,367**	**64,080,576**	**43,396,621**	**28,993,058**	**36,648,585**	**310,734,930**
Total interest re-pricing gap	**16,775,597**	**34,044,969**	**(19,114,896)**	**456,285**	**14,451,846**	**165,071,739**	**215,943,061**

Re-pricing period

In thousands of Naira **31 December 2022**	**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	-	-	-	-	-	38,085,267	38,085,267
Due from financial institutions	6,262,972	-	-	-	-	-	6,262,972
Non pledged trading assets	-	-	-	-	-	-	
-Treasury bills	354,396	36,530	188,533	365,828	-	-	945,287
-Bonds	-	150,958	-	183,677	1,619,514	-	1,954,149
Derivative financial assets	317,494	237,133	-	-	-	765,913	1,320,540
Loans and advances to customers	92,690,398	18,251,650	2,445,657	20,124,617	52,585,753	-	186,098,076
Pledged assets	-	-	-	-	-	-	
-Treasury bills	5,060,000	5,500,000	-	-	-	-	10,560,000
-Special bills	-	-	-	-	-	-	-
-Bonds	-	-	-	2,000,000	5,990,000	-	7,990,000
Investment securities	-	-	-	-	-	-	
Fair value through other comprehensive income							
-Treasury bills	4,582,400	277,008	2,278,627	-	-	-	7,138,035
-Special bills	27,391,313	19,583,980	-	-	-	-	46,975,293
-Promissory notes	-	-	-	-	-	-	-
-Bonds	-	-	-	4,407,005	7,377,600	-	11,784,605
Amortised cost	-	-	-	-	-	-	
-Treasury bills	-	-	-	-	-	-	-
-Bonds	78,254	-	-	18,002,220	42,874,231	-	60,954,705
-Promissory notes							
Other assets	-	-	-	-	-	105,714,725	105,714,725
	136,737,227	44,037,259	4,912,817	45,083,348	110,447,098	144,565,905	485,783,654
Deposits to financial institutions	84,560,313	16,766,000	4,633,669	-	-	-	105,959,982
Due to customers	208,519,538	6,411,755	10,596,172	-	-	-	225,527,465
Non pledged trading liabilities	-	-	-	-	-	-	
Treasury bills	3,196,400	3,363,880	1,805,032	-	-	-	8,365,312
-Bonds							-
Derivative financial liabilities	608,219	2,053,058	-	-	-	3,829,644	6,490,921
Commercial paper liablities	9,325,651	-	-	-	-	-	9,325,651
Surbodinated Liabilities	-	-	-	25,148,440	-	-	25,148,440
Other borrowings	32,219,026	3,800,326		-	-	-	36,019,352
Other liabilties	30,064,519	-	-	-	23,684,205	34,363,938	88,112,662
	368,493,666	32,395,019	17,034,873	25,148,440	23,684,205	38,193,582	504,949,785
Total interest re-pricing gap	**(231,756,439)**	**11,642,240**	**(12,122,056)**	**19,934,909**	**86,762,893**	**106,372,323**	**(19,166,130)**

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.

In thousands of Naira

31-Dec-2023	Fixed	Non-interest bearing	Total
ASSETS	N'000	N'000	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	62,954,337	425,255	63,379,592
- Amortised cost	36,554,437	-	36,554,437
Other asset	-	74,873,614	74,873,614
	327,761,196	**179,313,441**	**507,074,637**
LIABILITIES			
Deposits to financial institutions	181,654,159	-	181,654,159
Due to customers	180,509,142	1,184,861	181,694,003
Non pledged trading liabilities	5,051,834	-	5,051,834
Derivative financial liabilities	-	1,285,368	1,285,368
Commercial paper liabilities	-	-	-
Subordinated liabilities	24,991,944	-	24,991,944
Other borrowings	-		-
Other liabilities	56,134,021	35,890,218	92,024,238
	448,341,100	**38,360,447**	**486,701,546**

31-Dec-2022	Fixed		Non-interest bearing	Total
ASSETS	N'000		N'000	N'000
Cash and balances with banks	-		38,385,132	38,385,132
Due from financial institutions	6,255,393		-	6,255,393
Non pledged trading assets	5,781,850		-	5,781,850
Derivative financial assets	372,279		948,261	1,320,540
Loans and advances to customers	186,105,656		-	186,105,656
Pledged assets	21,640,509		-	21,640,509
Investment securities:				
- Fair value through other comprehensive income	61,730,435		15,724,490	77,454,925
- Amortised cost	72,046,760		-	72,046,760
Other asset	-		105,934,958	105,934,958
	353,932,882		**160,992,841**	**514,925,723**
LIABILITIES				
Deposits to financial institutions	105,959,982		-	105,959,982
Due to customers	211,726,915		-	211,726,915
Non pledged trading liabilities	11,074,950		-	11,074,950
Derivative financial liabilities	-		980,424	980,424
Commercial paper liabilities	8,257,130		-	8,257,130
Subordinated liabilities	24,918,279		-	24,918,279
Other borrowings	9,037,329			9,037,329
Other liabilities	53,748,724		34,363,938	88,112,662
	424,723,309	-	**35,344,362**	**460,067,672**

96

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. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Bank's financial assets and liabilities to various scenarios.
Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Interest sensitivity analysis - 31 December 2023
Impact on net interest income of +/-1oo 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**

Interest sensitivity analysis - 31 December 2022
Impact on net interest income of +/-1oo 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	2,317,564	(2,317,564)
6 months	(116,422)	116,422
12 months	121,221	(121,221)
	2,322,363	**(2,322,363)**

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 available for sale. 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 2023	Caying 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)**

December 2022	Caying 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	5,101,655	(25,508)	(51,017)
T-bills at Fair value through Profit or Loss	680,195	(3,401)	(6,802)
	5,781,850	(28,909)	(57,819)
Impact on Other Comprehensive Income			
Investments at Fair value through other comprehensive income	61,730,435	(308,652)	(617,304)
TOTAL	**67,512,285**	**(337,561)**	**(675,123)**

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

Financial instruments by currency

31 December 2023

In thousands of Naira	Total	Naira	US	GBP	CNY	ZAR	Euro
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	29,021,819	7,635,524	18,217	-	-	-
Non pledged trading assets							
-Treasury bills	1,759,556	1,759,556	-	-	-	-	-
-Bonds	4,162,567	3,972,209	190,358	-	-	-	-
-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	48,225,539	116,473,032	458	956,803	-	575,049
Pledged assets			-	-	-	-	-
-Special bills	399,210	399,210	-	-	-	-	-
-Treasury bills	199,741	199,741	-	-	-	-	-
-Bonds	6,298,298	6,298,298	-	-	-	-	-
Investment securities			-	-	-	-	-
Fair value through other comprehensive income:			-	-	-	-	-
-Treasury bills	5,958,072	5,958,072	-	-	-	-	-
-Bonds	11,396,361	8,231,284	3,165,077	-	-	-	-
	425,255	425,255	-	-	-	-	-
-Special bills	52,275,926	52,275,926	-	-	-	-	-
-Promissory notes	-	-	-	-	-	-	-
Amortised cost					-	-	
-Bonds	36,554,437	36,554,437	-	-	-	-	-
Other assets	75,980,760	75,980,760	-	-	-	-	-
	517,840,345	298,005,374	217,258,410	54,551	1,510,863	(119)	1,011,265

Deposits to financial institutions	181,654,159	60,883,727	120,770,432	-	-	-	-
Due to customers	181,694,003	133,848,898	47,843,444	1,640	-	-	21
Non pledged trading liabilities					-	-	
- Treasury bills	794,312	794,312	-	-	-	-	-
- Bonds	4,257,522	4,257,522	-	-	-	-	-
Derivative financial liabilities	1,285,368	-	1,285,368	-	-	-	-
Commercial papers	-	-	-	-	-	-	-
Subordinated bonds	24,991,944	24,991,944	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-
Other liabilties	89,208,499	21,240,404	67,529,157	1,135	357,205	-	80,598
	483,885,807	246,016,807	237,428,401	2,775	357,205	-	80,619
Net FCY Exposure	**33,954,537**	**51,988,567**	**(20,169,990)**	**51,776**	**1,153,658**	**(119)**	**930,645**

31-Dec-22	Total	Naira	US	GBP	CNY	Euro
Cash and balances with banks	39,739,976	225,133	38,944,173	10,537	485,688	74,445
Due from financial institutions	6,255,393	2,570,622	3,684,771	-	-	-
Non pledged trading assets						
-Treasury bills	680,195	680,195	-	-	-	-
-Bonds	5,101,655	5,101,655	-	-	-	-
-Equity			-	-	-	-
-Unquoted securities - FVTPL	3,127,783	3,127,783	-	-	-	-
Derivative financial assets	1,320,540	1,320,540	-	-	-	-
Loans and advances to customers	186,105,656	68,100,314	116,473,032	458	956,803	575,049
Pledged assets			-	-	-	-
-Special bills	10,390,677	10,390,677	-	-	-	-
-Treasury bills	-	-	-	-	-	-
-Bonds	11,249,832	11,249,832	-	-	-	-
Investment securities	-		-	-	-	-
Fair value through other comprehensive income:			-	-	-	-
-Treasury bills	6,987,576	6,987,576	-	-	-	-
-Bonds	19,190,898	8,231,284	10,959,614	-	-	-
-Equity	15,724,490	518,231	15,206,259	-	-	-
-Special bills	43,783,245	43,783,245	-	-	-	-
-Promissory notes	-	-	-	-	-	-
Amortised cost	-				-	
-Treasury bills	-		-	-	-	-
-Bonds	72,046,760	72,046,760	-	-	-	-
Other assets	130,715,270	124,166,004	6,551,406	(4,321)	5,483	(3,302)
	552,419,945	**358,499,850**	**191,819,256**	**6,674**	**1,447,974**	**646,192**

Deposits to financial institutions	105,959,982	105,959,982		-	-	-
Due to customers	177,340,250	166,335,982	11,004,268	-	-	
Non pledged trading liabilities	-				-	
-Treasury	4,117,869	4,117,869	-	-	-	-
-Bonds	3,038,368	3,038,368	-	-	-	-
Derivative financial liabilities	980,424	-	980,424	-	-	-
Commercial papers	8,257,130	8,257,130	-	-	-	-
Subordinated bonds	24,918,279	24,918,279	-	-	-	-
Other borrowings	9,037,329	-	9,037,329	-	-	-
Other liabilties	126,282,354	58,672,599	67,529,157	-	-	80,598
	459,931,985	371,300,209	88,551,178	-	-	80,598
Net FCY Exposure	**105,288,319**	**(12,800,359)**	**103,268,077**	**6,674**	**1,447,974**	**565,594**

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 2023. The table below illustrates 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-23	Impact on statement of comprehensive income 31-Dec-22
Naira weakens by 10%	3,395,454	10,528,832
Naira weakens by 5%	1,697,727	5,264,416
Naira strengthens by 10%	(3,395,454)	(10,528,832)
Naira strengthens by 5%	(1,697,727)	(5,264,416)

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 9% 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	9.7%
Low	7.2%
Average	0.6%

Price sensitvity analysis on equity

A significant portion of the Bank's equity position is unquoted 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;
a) Funding and Liquidity plan;
b) Gap Analysis; and
c) 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 + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

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. Discretionary Cash Reserves Ratio (CRR) debit by the CBN significantly impacted our liquidity plan in 2021. As at December 2023 CRR as a percentage of Total deposit was 33%, CRR as a percentage local deposit closed at 45% and the Bank also had N52.28bn in Special Bills which had significant impact on our performance and earnings for the year.

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 weekly 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 materialize, 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-23	Dec-22
At end of year	64.37%	55.58%
Average for the year	58.18%	46.61%
Maximum for the year	96.47%	57.73%
Minimum for the year	40.74%	37.63%

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.

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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

	Carrying 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
31-Dec-23								
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	40,534,113	18,489	7,635,524	1,309,370	31,570,730	-	-
Non pledged trading assets		1,833,765	2,000	171,876	856,153	787,909	15,827	-
-Treasury bills	1,759,556							
-Bonds	4,162,567	14,563,143	14,861	51,058	235,520	411,854	2,625,731	11,224,119
Derivative financial assets	11,584,604	39,365,754	9,135,828	328,782	29,901,144	-	-	-
Loans and advances to customers	166,230,881	186,012,293	58,318,938	52,097,672	16,983,722	9,458,472	38,814,236	10,339,253
Pledged assets								
-Special bills	399,210	399,210	399,210			-	-	-
-Treasury bills	199,741	199,741	199,741	-	-	-	-	-
-Bonds	6,298,298	22,651,399	-	162,884	301,736	464,620	5,728,311	15,993,848
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 bills	5,958,072	5,958,072	63,518	260,054	4,274,053	1,360,447	-	-
-Bonds	4,720,339	7,528,224	-	-	-	-	3,729,440	3,798,784
Amortised cost								
-Bonds	36,554,437	96,521,104	284,436	798,159	1,110,392	2,249,687	33,370,075	58,708,355
Other assets	74,873,614	74,873,614	45,632,162	-	-	-	-	29,241,452
	505,707,377	646,730,930	242,174,573	72,287,361	72,375,846	46,303,719	84,283,620	129,305,811

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	-	-	-	-
Commercial paper liabilities	-	-	-	-	-	-	-	-
Surbodinated liabilities	24,991,944	28,125,000	-	-	781,250	-	781,250	26,562,500
Other borrowings	-	-	-	-	-	-	-	-
Other liabilities	89,208,499	89,208,499	89,208,499	-	-	-	-	-
	483,885,807	487,018,863	227,665,957	157,294,987	52,980,232	18,288,601	2,655,420	28,133,665
Gap (asset - liabilities)	21,821,570	159,712,067	14,508,616	(85,007,626)	19,395,614	28,015,118	81,628,200	101,172,146

The 0 - 30 days, 31 - 90 days and 181-365 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 2021.

31-Dec-22	Carrying 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	38,385,132	38,385,179	38,385,179	-	-	-	-	-
Due from financial institutions	6,255,393	6,336,273	2,575,682	3,760,591	-	-	-	-
Non pledged trading assets								
-Treasury bills	680,195	945,287	4,891	349,505	36,530	188,533	365,828	-
-Bonds	5,101,655	15,704,729	31,004	32,268	309,703	363,351	2,983,798	11,984,605
Derivative financial assets	1,320,540	1,320,540	306,465	11,029	1,003,046	-	-	-
Loans and advances to customers	186,105,656	191,823,716	33,452,437	75,397,772	538,652	47,533,963	26,468,309	8,432,583
Pledged assets								
-Special bills	10,390,677	10,560,000	4,560,000	500,000	5,500,000	-	-	-
-Treasury bills	-	-						
-Bonds	11,249,832	23,172,972	-	180,359	466,372	646,731	5,173,849	16,705,661
Investment securities								
Fair value through other comprehensive income								
-Special bills	43,783,245	46,975,293	11,132,332	16,258,981	19,583,980	-	-	-
-Promissory notes	-	-	-	-	-	-	-	-
-Treasury bills	6,987,576	7,138,035	675,000	3,907,400	277,008	2,278,627	-	-
-Bonds	10,959,614	11,784,605	-	-	-	-	4,407,005	7,377,600
Amortised cost	-	-						
-Treasury bills								
-Bonds	72,046,760	166,064,311	387,416	2,098,342	1,442,930	3,928,688	31,795,796	126,411,129
Other assets	105,934,958	105,714,725	64,428,457	-	-	-	-	41,286,268
	499,201,233	625,925,665	155,938,863	102,496,247	29,158,221	54,939,893	71,194,585	212,197,846
Deposits to financial institutions	105,959,982	105,447,842	39,032,698	34,397,670	27,073,578	4,943,896	-	-
Due to customers	211,726,915	225,527,464	81,525,064	126,994,473	6,411,755	10,596,172	-	-
Trading liabilities								
-Non pledged trading liabilities	11,074,950	14,951,229	10,925	2,565,553	169,524	2,008,534	5,546,727	4,649,966
Derivative financial liabilities	980,424	980,424	954,593	25,831	-	-	-	-
Commercial paper liabilities	8,257,130	9,325,651	9,325,651	-	-	-	-	-
Surbodinated liabilities	24,918,279	25,148,440	-	-	-	-	25,148,440	-
Other borrowings	9,037,329	9,672,034	-	-	-	9,672,034	-	-
Other liabilities	126,282,354	126,282,354	126,282,354	-	-	-	-	-
	498,237,363	517,335,438	257,131,284	163,983,527	33,654,857	27,220,636	30,695,167	4,649,966
Gap (asset - liabilities)	963,870	108,590,227	(101,192,421)	(61,487,281)	(4,496,636)	27,719,257	40,499,419	207,547,880

Bank *In thousands of Naira*	December 2023 Within 12 months	December 2023 After 12 months	December 2023 Total	December 2022 Within 12 months	December 2022 After 12 months	December 2022 Total
Cash and balances with banks	104,014,572	-	**104,014,572**	38,385,179	-	**38,385,179**
Due from financial institutions	40,534,113	-	**40,534,113**	6,336,273	-	**6,336,273**
Non pledged trading assets		-	**1,833,765**	579,459	-	**579,459**
-Treasury bills	1,833,765					
-Bonds	713,293	13,849,850	**14,563,143**	736,326	14,968,403	**15,704,729**
Derivative financial assets	39,365,754	-	**39,365,754**	1,320,540	-	**1,320,540**
Loans and advances to customers	136,858,804	49,153,489	**186,012,293**	156,922,824	34,900,892	**191,823,716**
Pledged assets						**-**
-Treasury bills	199,741	-	**199,741**	-	-	**-**
-Special bills	399,210	-	**399,210**	10,560,000	-	**10,560,000**
-Bonds	929,240	21,722,159	**22,651,399**	1,293,462	21,879,510	**23,172,972**
Investment securities						
Fair value through other comprehensive income						
-Special bills	52,275,926	-	**52,275,926**	46,975,293	-	**46,975,293**
-Promissory notes	-	-	**-**	-	-	**-**
-Treasury bills	5,958,072	-	**5,958,072**	7,138,035	-	**7,138,035**
-Bonds	-	7,528,224	**7,528,224**	-	11,784,605	**11,784,605**
Amortised cost						
-Bonds	4,442,674	92,078,430	**96,521,104**	7,857,376	158,206,935	**166,064,311**
Other assets	45,632,162	29,241,452	**74,873,614**	64,428,457	41,286,268	**105,714,725**
	433,157,325	213,573,604	**646,730,930**	342,533,223	283,026,613	**625,559,837**
Deposits to financial institutions	181,654,159	-	**181,654,159**	105,447,842	-	**105,447,842**
Due to customers	181,694,003	-	**181,694,003**	225,527,464	-	**225,527,464**
Non pledged trading liabilities						
-Treasury bills	794,312	-	**794,312**	4,117,869	-	**4,117,869**
-Bonds	4,257,522	-	**4,257,522**	3,038,368	-	**3,038,368**
Derivative financial liabilities	1,285,368	-	**1,285,368**	980,424	-	**980,424**
Commercial paper liabilities	-	-	**-**	9,325,651	-	**9,325,651**
Surbodinated liabilities	781,250	27,343,750	**28,125,000**	-	25,148,440	**25,148,440**
Other borrowings	-	-	**-**	9,672,034	-	**9,672,034**
Other liabilities	89,208,499	-	**89,208,499**	126,282,354	-	**126,282,354**
	459,675,113	27,343,750	**487,018,863**	484,392,006	25,148,440	**509,540,446**
Gap (asset - liabilities)	**(26,517,788)**	**186,229,854**	159,712,066	**(141,858,783)**	**257,878,173**	**116,019,390**

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:
i) To comply with the capital requirements set by the Central Bank;
ii) 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
iii) 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.

In thousands of Naira	December 2023	December 2022
Tier 1 capital		
Ordinary share capital	7,468,925	5,101,052
Share premium	9,827,323	3,812,925
Retained earnings	8,629,774	6,378,807
Other reserves	13,316,056	12,918,826
	39,242,078	**28,211,610**
Less:		
Deferred tax assets	(3,810,358)	(4,310,358)
Regulatory risk reserve	(4,252,917)	(4,252,917)
Intangible assets	(1,347,587)	(1,589,047)
Adjusted Tier 1	**29,831,216**	**18,059,288**
Tier 2 capital		
Fair value reserve	(1,908,371)	3,775,869
Other reserves (Subordinated debt)	4,998,389	9,967,312
Total Tier 2	**3,090,018**	**13,743,181**
Eligible tier 2	**3,090,018**	**6,019,763**
Total regulatory capital	**32,921,234**	**24,079,051**
Risk-weighted assets	**260,785,064**	**234,865,650**
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	12.62%	10.25%
Total tier 1 capital expressed as a percentage of risk-weighted assets	11.44%	7.69

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+B49 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 2021 as shown in the table below:

S/N	Guideline		Regulatory Threshold
1	Regulatory Capital:		
a	CET 1 Capital Ratio	11.44%	>=7%
b	Tier 1 Capital Ratio	7.67%	>=7.5%
c	Capital Adequacy Ratio	12.62%	>=10%
3	Liquidity Coverage Ratio (LCR)	243%	>=100%
4	Large Exposures	3.86x	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. Tier1 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. Tier1 Capital Tier 2 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.

Table: Capital Structure and Capital Ratios

Capital Measure	31st December 2023	31st December 2022
Tier 1 Capital		
Paid-up Common Equity Share	7,468,925	5,101,052
Share Premium IRO Common Equity Share	9,827,323	3,812,925
General Reserves (Retained Profit)	8,629,774	6,378,807
Statutory Reserves	9,063,139	8,665,909
Total Before Deduction	**34,989,161**	**23,958,693**
Intangible assets	1,347,587	1,589,047
Deferred tax assets	3,810,358	4,310,358
CET1 After Regulatory Deduction	**29,831,216**	**18,059,288**
Additional Tier 1 Capital	-	-
Tier 2 Capital		
Subordinated term debt with remaining maturity of:	4,998,389	9,967,312
d. Over three years through four years		
Other Comprehensive Income	(1,908,371)	3,775,869
Total Tier 2 Capital	**3,090,018**	**13,743,181**
Tier 2 Capital recognized for capital adequacy	**3,090,018**	**5,871,641**
Total Eligible Capital, i.e., (CET1 +AT1+T2)	**32,921,234**	**23,930,929**
Total Risk Weighted Assets (TRWAs)	**260,785,064**	**234,865,650**
Capital Ratios :		
CET 1 to RWAs	**11.44%**	**7.69%**
Tier 1 Capital to RWAs	**11.44%**	**7.69%**
Total Eligible Capital to TRWAs	**12.62%**	**10.19%**

Amount in thousands of Naira (N'000) unless otherwise stated

7 Interest income calculated using the effective interest method

7a Financial assets at amortised cost

	Dec-23	Dec-22
Cash and balances with banks	1,317,956	4,535,885
Loans and advances to customers	33,615,716	24,033,118
Investment securities - Financial assets at amortised cost	2,034,368	1,099,967
	36,968,040	29,668,970
7b Investment securities - Financial assets at FVTOCI	3,429,383	3,862,381
	3,429,383	3,862,381
	40,397,423	**33,531,351**

There are no stage 3 financial assets for which interest income was earned during the year ended 31 December 2023 (31 December 2022: Nil).

8 Interest expense

	Dec-23	Dec-22
Deposit from financial institutions	32,162,493	20,618,057
Deposit from customers	12,416,183	10,606,239
Other borrowed funds	2,629,531	6,739,345
	47,208,207	**37,963,641**

9 Impairment write-back on financial instruments

	Dec-23	Dec-22
Write-back for impairment on loans and advances to corporate entities and other organisations [note 25]	1,464	(159,346)
Allowance/(write-back) for impairment on off balance sheet items [note 34(ii)]	(41,922)	(73,398)
Allowance for impairment on investment securities at amortized cost [see 23b(i)]	75,969	22,988
Allowance/(write-back) for impairment on other investment securities at FVOCI [see note 17]	103,646	(100,318)
Allowance of impairment on placements [note 20 (i)]	6,148	21,493
Allowance/(write-back) for impairment on Cash [note 19 (i)]	12,658	(22,681)
Allowance for impairment on financial assets in other assets (see note 26)	1,510,437	146,893
	1,668,400	**(164,369)**

10 Fee and commission income

	Dec-23	Dec-22
Credit related fees and commissions	201,395	220,844
Account maintenance fees	102,400	136,707
Commission on bills and letters of credit	1,486,635	589,730
Treasury income	45,153	74,641
Investment banking fees	2,409,044	1,002,714
Commission on other financial services	7,418,932	564,317
	11,663,559	**2,588,953**

- 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	Dec-23	Dec-22
Receivables, which are included in 'other assets'	847,381	731,239

Amount in thousands of Naira (N'000) unless otherwise stated

The contract balances primarily relate to fees receivable from the bank's customers on investment banking transactions. The amount of revenue recognized for the year ended 31 December 2023 was N2.41 billion (31 December 2022: N1.00 million).

(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 recognizes 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.

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 of accounts 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.

Amount in thousands of Naira (N'000) unless otherwise stated

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-23	Dec-22
Derivative gain	10,204,634	10,204,634
	10,204,634	**10,204,634**

b. Net income from financial instruments designated as at FVTPL

	Dec-23	Dec-22
Equity	796,763	1,275,271
Treasury bills	208,644	(184,329)
Bonds	(376,048)	(309,561)
	629,359	**781,381**

12 Net Trading (Loss)/Income

	Dec-23	Dec-22
Treasury bills	366,272	(31,717)
Bonds	(5,757,163)	1,690,671
Special bills	(376,048)	(1,669,858)
Net foreign exchange trading income	(376,048)	588,291
Unrealised foreign exchange gain/(loss) on revaluation	(376,048)	(342,602)
	(2,118,759)	**234,785**

13 Other operating income

	Dec-23	Dec-22
Dividends on equity securities	476,946	317,529
Bad debt recovered	(5,757,163)	7,393
Other income (i)	(376,048)	185,591
	803,325	**510,513**

(i) Other income is majorly made up of penal income, tax credit and rental income

14 Personel expenses

	Dec-23	Dec-22
Salaries and wages	2,180,117	1,995,351
Defined contribution plan	109,307	152,498
	2,289,424	**2,147,8499**

15 Other operating expenses

	Dec-23	Dec-22
Depreciation (see note (i) below and note 27 & 29)	613,295	616,458
Amortisation (see note 28)	504,292	473,044
Professional fees and legal expenses	131,809	397,960
Staff training	16,826	73,434
Insurance	94,837	135,510
Business travel expenses	149,570	116,662
Deposit insurance premium	1,039,707	725,451
Auditor's remuneration	50,255	43,700
Administrative expenses	1,832,372	1,444,184
Loss on disposal of property and equipment	-	4,419
Board and AGM expenses	227,731	289,373
Consultancy and outsourcing	1,072,320	867,059
Repairs and maintenance	754,209	574,097
Advertisements, publications and marketing expenses	40,386	104,856
Donations and sponsorship	62,656	1,904
Event and corporate gifts	201,315	179,457
Periodicals and subscriptions	62,208	104,620
Stationeries, postage, printing and consumables	82,279	104,433
	6,936,067	6,256,621

(i) Depreciation comprises depreciation charge on property and equipment amounting to N590 million (31 December 2022: N593.7million) and depreciation charge on right-of-use asset amounting to N22.6m (31 December 2022: N22.7m)

16 Taxation expense

	Dec-23	Dec-22
In thousands of Naira		
Minimum tax expense		
Minimum tax for the year	263,768	190,491
	263,768	190,491
Income Taxes		
IT tax	34,774	-
Education tax	21,836	-
Capital gains tax	-	-
Nigerian police fund	174	-
NASENI	8,694	-
Prior year's under provision	-	139,998
	65,478	139,998
Deferred tax expense		
Origination of temporary differences (see note 30)	500,000	178,839
Total income tax	565,478	318,837
Total tax expense	829,246	509,328

The movement in the current income tax liability is as follows:

	Dec-23	Dec-22
Balance at the beginning of the year	286,435	246,453
Withholding tax utilization	(133,914)	-
Tax paid in cash	(54,105)	(290,507)
Income tax charge	65,478	330,489
Balance at the end of the year	427,662	286,435

Income tax liability is to be settled within one year

NOTES TO THE FINANCIAL STATEMENTS

Amount in thousands of Naira (N'000) unless otherwise stated

In thousands of Naira	Dec-23 Reconciling Item Amount	Rate	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 :			
Minimum tax	263,768	100%	263,768
Education tax levy	873,440	2.5%	21,836
Current year tax losses for which no deferred tax was recognised	1,590	100%	1,590
Recognition of previously unrecognised temporary differences	762,157	100%	762,157
Nigerian Police Fund	174	100%	174
Tax exempt income	(17,577,035)	33%	(5,800,422)
Non-deductible expenses	13,616,493	33%	4,493,443
IT tax	34,774	100%	34,774
NASENI	8,694	100%	8,694
Effective tax rate		24%	829,247

In thousands of Naira	Dec-22 Reconciling Item Amount	Rate	Effect of Reconciling Item
Profit before income tax			(8,281,915)
Income tax using the domestic tax rate		30%	(2,484,575)
Tax effects of :			
Corporate income tax	190,491	100%	190,491
Current year tax losses for which no deferred tax was recognised	7,594,166	33%	2,468,104
Recognition of previously unrecognised temporary differences	793,057	33%	257,744
Tax exempt income	(7,135,778)	33%	(2,319,128)
Non-deductible expenses	6,943,669	33%	2,256,693
Prior year under provision	139,998	100%	139,998
Effective tax rate		-6%	509,328

1

17 Other comprehensive income (OCI)

17 Other comprehensive income (OCI)	Dec-23	Dec-22
(a) Fair value changes on equity investments during the year		
Gain on foreign exchange movement during the year	-	(3,262)
Fair value changes during the year	(4,299,350)	261,303
	(4,299,350)	258,042

(b) Fair value changes on debt investments during the year	Dec-23	Dec-22
Marked to market on OCI instruments		
Government bonds	-	(555,887)
Treasury bills	-	(189,848)
Special bills	3,043,424	1,071,250
State bonds	12,108	422,772
Corporate bonds	(1,000,831)	1,752,471
Promissory notes	-	-
Eurobonds	(602,067)	(1,282,992)
	1,452,634	1,217,766

Impairment on OCI instruments (see note 9)	Dec-23	Dec-22
Treasury bills	(1,093)	(11,764)
Special bills	(6,195)	13,681
Government bonds	55,748	(8,406)
Promissory notes	-	-
State bonds	8,697	8,693
Corporate bonds	(157,694)	(154,704)
Eurobonds	32,793	52,182
	(67,744)	(100,318)
	1,384,890	**1,117,448**
Total fair value movement	(2,914,460)	1,375,490

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 issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Dec-23	Dec-22
Profit/(loss) for the year from continuing operations	2,648,197	(8,791,243)
Weighted average number of ordinary shares in issue	5,133,489	5,067,289
In kobo per share		
Basic earnings/(loss) per share from continuing operations	51.59	(173)
Total basic earnings/(loss) per share	51.59	(173)

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-23**	**Dec-22**
Balances with banks (see note (i))	92,287,272	32,960,337
Unrestricted balances with central banks	11,740,004	5,424,842
Impairment on cash and cash equivalents	(12,704)	(47)
	104,014,572	36,385,1327

(i) Included in balances with banks is an amount of N1.44bn (31 Dec 2022: N0.68bn) 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-23	Dec-22
Balance at the beginning of the year	47	2,295
Addition to /(writeback) for the year	12,657	(2,248)
Balance at the end of the year	12,704	47

20 Due from financial institutions

Financial assets at amortized cost

In thousands of Naira	**Dec-23**	**Dec-22**
Placements	36,689,287	6,262,972
Impairment on placements (see note (i) below)	(13,727)	(7,579)
	36,675,560	6,255,393
Current	36,675,560	6,255,393
Non current	-	-
	36,675,560	**6,255,393**

Placements are with other financial insitutions fully secured with acceptable government securities. The current portion has been considered for purpose of cash flows. Includes 3.9bn placement with Trustbanc which is a related party and it is full performing

(i) Movement in impairment on placements

	Dec-23	**Dec-22**
Balance at the beginning of the year	7,579	5,819
Addition to /(writeback) for the year (see note 9)	6,148	1,760
Balance at the end of the year	13,727	7,579

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-23	Dec-22
Balances with banks	92,287,272	32,960,337
Unrestricted balances with central banks	11,740,004	5,424,842
Due from financial institutions - Placements	36,689,287	6,262,972
Impairment on cash and cash equivalents	(12,704)	(47)
Impairment on placements	(13,727)	(7,579)
	140,690,132	44,640,525
b. Non-cash equivalents		
Cash collateral on customer's LCs	16,017,931	871,505
	16,017,931	871,505
Cash and cash equivalents (a-b)	124,672,201	43,769,020

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-23**	**Dec-22**
Treasury bills	1,759,556	680,195
Unquoted securities - FVTPL	3,924,545	3,127,783
Corporate Eurobond	190,358	37,226
Government bonds	3,972,209	5,064,429
	9,846,668	8,909,633

Current		1,887,352	3,978,659
Non current	-	7,959,316	4,930,974
		9,846,668	**8,909,633**

(b) Non pledged trading liabilities

	Dec-23	Dec-22
Treasury bills	794,312	4,117,869
Government bonds	4,257,522	3,038,368
Corporate Eurobond		
Special bills	-	3,918,713
	5,051,834	**11,074,950**

Current		5,051,834	11,074,950
Non current	-	-	
		5,051,834	**11,074,950**

22 Derivative financial instruments

	Derivative assets Dec 2023		Derivative liabilities Dec 2023	
In thousands of Naira	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
Foreign exchange forward contracts	-	-	-	(1,285,368)
Foreign exchange swap contracts	28,664,106	11,584,604	15,637,117	-
	28,664,106	**11,584,604**	**15,637,117**	**(1,285,368)**

	Dec 2022		Dec 2022	
In thousands of Naira	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
Foreign exchange forward contracts	22,950,537	948,261	(23,226,739)	(980,424)
Foreign exchange swap contracts	851,678	372,279	-	-
	23,802,216	**1,320,540**	**(23,226,739)**	**(980,424)**

All derivative contracts are current in nature. 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).

Included in other liabilities are security deposits for swap and future deals which are deposits (collaterised deposits) by counter parties.

The movement in fair value is as a result of a devaluation of the functional currency of the Bank (Naira) within the year and an increase in the volume of transactions.

23 Investment securities

(a) At fair value through other comprehensive income

In thousands of Naira	**Dec-23**	**Dec-22**
Debt securities		
Federal government bonds	1,555,262	-
Treasury bills	5,958,072	6,987,576
Special bills	52,275,926	43,783,245
Promissory notes	-	-
State government bonds	-	-
Eurobonds	3,165,077	10,959,614
Corporate Bonds	-	-
	62,954,337	61,730,435
Equity securities (designated)		
Unquoted equity securities at FVTOCI(i)	425,255	15,724,490
	63,379,592	**77,454,925**

i)The reduction in unquoted equity securities at FVTOCI was due to disposal of significant portion of our unquoted equity the period.

(b) At Amortised cost
In thousands of Naira

	Dec-23	Dec-22
Debt securities		
Federal government bonds	19,426,807	54,152,937
Promissory notes	6,929,281	7,209,695
State government bonds	2,277,741	2,656,322
Corporate bonds	8,023,981	8,055,210
Gross Total	36,657,810	72,074,164
Impairment on investment securities at amortized cost	(103,373)	(27,404)
	36,554,437	72,046,760
Total investment securities	**99,934,029**	**149,501,685**
Current	65,194,172	61,116,139
Non current	34,739,857	88,385,546
	99,934,029	**149,501,685**

(i) Impairment movement
In thousands of Naira

	Dec-23	Dec-22
Balance, beginning of year	27,404	4,416
Charge for the year [see note 9]	75,969	22,988
Balance, end of year	**103,373**	**27,404**

24 Pledged assets

	Dec-23	Dec-22
Financial instruments at FVTOCI		
Special bills	399,210	10,390,677
Treasury bills	199,741	-
Promissory notes	942,005	
	1,540,956	10,390,677
Financial instruments at amortised cost		
Government bonds	6,298,298	11,249,832
	6,298,298	11,249,832
Impairment on pledged assets	-	-
	6,298,298	11,249,832
	7,839,254	**21,640,509**
Current	3,117,501	15,650,509
Non Current	4,721,753	5,990,000
	7,839,254	**21,640,509**
The related liability for assets pledged as collateral include:		
Deposits from financial institutions [see note (i) below]	181,654,159	105,959,982

(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.

23 Loans and advances to customers

Financial assets at amortized cost

a) Loans and advances to individuals

In thousands of Naira	Dec-23	Dec-22
Non-retail exposures		
Personal loan	397,987	235,694
Mortgage loan	368,855	533,38
	766,842	769,077
Less: Allowance for impairment losses	(2,122)	(10,481
	764,720	758,59

Loans to corporate entities and other organizations

In thousands of Naira	Dec-23	Dec-22
Non-retail exposures		
Personal loan	397,987	235,694
Mortgage loan	368,855	533,38
	766,842	769,077
Less: Allowance for impairment losses	(2,122)	(10,481
	764,720	758,59
Overdraft	2,703,370	6,625,549
Term Loan	162,879,415	178,828,31
	165,582,785	185,453,861
Less: Allowance for impairment losses	(116,624)	(106,801
	165,466,161	185,347,060
Total loans and advances to customers	166,349,627	186,222,938
Less: Allowance for impairment losses	(118,746)	(117,282)
Grand Total	166,230,881	186,105,65
Current	123,580,741	113,395,285
Non-current	42,650,140	72,710,37
	166,230,881	186,105,65

b) Impairment allowance on loans and advances to customers

Loans to individuals

In thousands of Naira	Dec 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Standard grade	766,842	-	-	766,842
Total	**766,842**	-	-	**766,842**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment allowance as at 1 January 2023	10,481	-	-	10,481
- Charge for the year (see note 9)	(8,359)			(8,359)
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
Standard grade	67,407,201	-	-	67,407,201
Total	**165,582,785**	-	-	**165,582,785**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment allowance as at 1 January 2023	106,801	-	-	106,801
- Charge for the year (see note 9)	9,823			9,823

Investment grades are loans with ratings from AAA to A-, and standard grades are loans with ratings from BBB+ to B-

Amount in thousands of Naira (N'000) unless otherwise stated

Loans to individuals
In thousands of Naira

Internal rating grade	December 2022 Stage 1	Stage 2	Stage 3	Total
Investment	-	-	-	-
Standard grade	769,077	-	-	769,077
Total	**769,077**	-	-	**769,077**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	10,481	-	-	10,481
- Write back for the year (see note 9)	-			(9,892)
At 31 December 2022	**10,481**	-	-	**589**

Loans to corporate entities and other organizations
In thousands of Naira

Internal rating grade	December 2022 Stage 1	Stage 2	Stage 3	Total
Investment	77,026,447	-	-	77,026,447
Standard grade	108,427,414	-	-	108,427,414
Total	**185,453,860**	-	-	**185,453,860**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	266,147	-	-	266,147
- Write back for the year (see note 9)	(159,346)			(159,346)
At 31 December 2022	**106,801**	-	-	**106,801**

26 Other assets

In thousands of Naira	Dec-23	Dec-22
Financial assets at amortized cost		
Accounts receivable (see note (i))	15,645,013	5,525,009
Contribution to AGSMEIS (See note 26(a))	1,348,655	1,348,655
Restricted deposits with Central Bank (See note 26(b))	59,664,183	99,335,092
	76,657,851	106,208,756
Allowance for impairment on account receivables	(1,784,237)	(273,798)
Net financial asset	**74,873,614**	**105,934,958**

Movement in allowance for impairment on account receivables	Dec-23	Dec-22
Balance at the beginning of the year	273,798	225,957
Charge for the year (see note 9)	1,510,439	47,841
Balance at the end of the year	**1,784,237**	**273,798**

(i) Included in account receivables is N15.08 million (2022: N4.081 billion) 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)). N1.093 billion (2022: N1.002 billion) receivable from investment banking client in respect of several projects as at 31 December.

Non-financial assets	Dec-23	Dec-22
Prepayments	931,984	1,430,564
Prepaid employee benefits	175,162	271,603
Net non-financial asset	**1,107,146**	**1,702,167**
Net other assets	**75,980,760**	**107,637,125**
Current	14,967,922	6,953,378
Non-current	61,012,838	100,683,747
	75,980,760	**107,637,125**

Amount in thousands of Naira (N'000) unless otherwise stated

(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 2023 due to loss position of the Bank for FY2022.

(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.

Bank	**Building**
	Dec-23
In thousand of Naira	
Cost	
Balance at 1 January 2023	336,347
Additions	-
Balance at 31 December 2023	336,347
	Dec-22
Balance at 1 January 2022	106,767
Additions	229,580
Balance at 31 December 2022	336,347
	Dec-23
Amortization	
Balance at 1 January 2023	85,540
Amortization for the year	22,263
Balance at 31 December 2023	**107,803**
	Dec-22
Balance at 1 January 2022	70,819
Amortization for the year	14,720
Balance at 31 December 2022	**85,540**
Carrying amounts:	
Balance at 31 December 2023	14,720
Balance at 31 December 2022	**85,540**

28 Intangible assets

Bank	**Purchase Software**	**Total**
In thousand of Naira		
In thousand of Naira		
Cost		
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**
December 2022		
Balance at 1 January 2022	2,277,391	2,277,391
Acquisitions	644,736	644,736
Balance at 31 December 2022	2,922,127	2,922,127
Amortization and impairment losses		
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**
Balance at 1 January 2022	860,036	860,036
Amortization for the year	473,044	473,044
Balance at 31 December 2022	**1,333,080**	**1,333,080**
Carrying amounts:		
Balance at 31 December 2023	**1,347,587**	**1,347,587**
Balance at 31 December 2022	1,589,047	1,589,047

- Amortization method used is straight line.
- There were no contractual commitments for the acquisition of intangible assets (31 December 2022: 0).
- Intangible assets are non-current assets

30 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2023			December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	15,166	-	15,166	-	81,682	(81,682)
Allowances for loan losses	103,590	-	103,590	31,858	-	31,858
Unrelieved tax losses	6,826,350	-	6,826,350	4,470,697	-	4,470,697
Derivative transactions	-	3,134,748	(3,134,748)	-	110,515	(110,515)
Deferred tax assets (net)	6,945,106	3,134,748	3,810,358	4,502,555	192,197	4,310,358

	Bank December 2023	Bank December 2022
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	6,841,516	4,470,697
– Deferred income tax asset to be recovered within 12 months	103,590	31,858
	6,945,106	4,502,555
Deferred income tax liabilities		
– Deferred income tax liability to be recovered after more than 12 months	3,134,748	192,197
– Deferred income tax liability to be recovered within 12 months	-	-
	3,134,748	192,197

(b) Movement on the net deferred tax assets / (liabilities) account during the year:

In thousands of Naira

December 2023

Bank	1 Jan 2023	Recognised in P&L	Recognised OCI	31 December 2023
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
Derivative transactions	(110,515)	(3,024,233)		(3,134,748)
	4,310,358	(500,000)	-	3,810,358

December 2022

Bank	1 Jan 2022	Recognised in P&L	Recognised OCI	31 Dec 2022
PPE and intangible assets	(166,220)	84,538	-	(81,682)

30 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2023			December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	15,166	-	15,166	-	81,682	(81,682)
Allowances for loan losses	103,590	-	103,590	31,858	-	31,858
Unrelieved tax losses	6,826,350	-	6,826,350	4,470,697	-	4,470,697
Derivative transactions	-	3,134,748	(3,134,748)	-	110,515	(110,515)
Deferred tax assets (net)	**6,945,106**	**3,134,748**	**3,810,358**	**4,502,555**	**192,197**	**4,310,358**

	Bank December 2023	Bank December 2022
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	6,841,516	4,470,697
– Deferred income tax asset to be recovered within 12 months	103,590	31,858
	6,945,106	**4,502,555**
Deferred income tax liabilities		
– Deferred income tax liability to be recovered after more than 12 months	3,134,748	192,197
– Deferred income tax liability to be recovered within 12 months	-	-
	3,134,748	**192,197**

(b) Movement on the net deferred tax assets / (liabilities) account during the year:

In thousands of Naira

December 2023

Bank	1 Jan 2023	Recognised in P&L	Recognised OCI	31 December 2023
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
Derivative transactions	(110,515)	(3,024,233)		(3,134,748)
	4,310,358	**(500,000)**	**-**	**3,810,358**

December 2022

Bank	1 Jan 2022	Recognised in P&L	Recognised OCI	31 Dec 2022
PPE and intangible assets	(166,220)	84,538	-	(81,682)
Allowances for loan losses	7,661	24,197	-	31,858
Unrelieved tax losses	4,752,096	(281,399)	-	4,470,697
Exchange loss unrealised	(88,273)	88,273		-
Derivative transactions	(16,068)	(94,447)		(110,515)
	4,489,196	**(178,839)**	**-**	**4,310,358**

(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 2023 Gross amount	December 2023 Tax effect	December 2022 Gross amount	December 2022 Tax effect
PPE and intangible assets	3,110,507	933,152	3,813,867	1,144,160
Allowances for loan losses	-	-	208,412	67,734
Unrelieved tax losses	30,880,458	10,036,149	35,771,557	11,625,756
	33,990,965	**10,969,301**	**39,793,836**	**12,837,650**

(d) Unrelieved tax losses

Tax losses for which no deferred tax asset was recognised expire as follows:

In thousands of Naira	December 2023 2023	Expiry date	December 2022 2022	Expiry date
Never Expire	30,880,458	-	35,771,557	-

127

31 Due to financial institutions

In thousands of Naira	December 2023	December 2022
Secured takings	181,654,159	105,959,982
	181,654,159	**105,959,982**

Deposit from financial institutions are all current in nature

32 Due to customers

	December 2023	December 2022
In thousands of Naira		
Current deposit	46,132,623	16,546,184
Call deposit	1,184,861	1,524,332
Customers' investment fund	134,376,519	193,656,399
	181,694,003	**211,726,915**

Due to customers are all current in nature

33(a) Commercial paper liabilities

	December 2023	December 2022
In thousands of Naira		
Commercial papers	-	8,257,130
	-	**8,257,130**

Commercial paper liabilities are all current in nature

The movement in commercial papers during the year is as follows:

	December 2023	December 2022
Balance b/f	8,257,130	55,355,146
Inflow	-	61,138,441
Interest expense	1,518,639	4,592,866
Interest payment	(3,379,765)	(3,379,765)
Principal payment	(6,396,004)	(109,449,558)
Closing Balance	-	8,257,130

33(b) Surbodinated Liabilities

	December 2023	December 2022
In thousands of Naira		
Subordinated unsecured bond (see note (i))	24,991,944	24,918,279
	24,991,944	**24,918,279**
Current	-	-
Non current	24,991,944	24,918,279
	24,991,944	**24,918,279**

The movement in subordinated liabilities during the year is as follows:

	December 2023	December 2022
Balance at 1 January	24,918,279	24,860,099
Interest expense	203,621	1,773,797
Interest payment	(129,956)	(1,715,617)
Balance at 31 December	24,991,944	24,918,279

(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 2023	December 2022
Other borrowings (see note (i) below)	-	9,037,329
	-	9,037,329
Current	-	9,037,329
Non current	-	-
	-	9,037,329

The movement in other borrowings during the year is as follows:

	December 2023	December 2022
Balance at 1 January	8,956,237	8,405,291
Repayments	(8,956,237)	-
Interest expense	-	550,946
Balance at 31 December	**-**	**8,956,237**

(i) The other borrowings relates $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 based 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 during the year.

34 Other liabilities

	December 2023	December 2022
Financial liabilities		
Sundry creditors	1,453,369	399,826
Cash collateral on customer's LCs	16,017,931	844,513
Trade related liabilities[1]	65,445,752	124,041,014
Other financial liabilities [see (i)]	6,323,977	922,549
Impairment on contingents [see (ii)]	(32,530)	74,452
	89,208,499	**126,282,354**

(i) Other financial liablilities largely relates to non-deliverable forward

	December 2023	December 2022
Non-financial liabilites		
Other current non-financial liabilities	2,815,741	2,104,422
	2,815,741	2,104,422
Total other liabilities	**92,024,240**	**128,386,776**

Other liabilies are all current in nature

[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**

In thousands of Naira	December 2023	December 2022
Balance, beginning of year	74,452	147,850
Charge for the year (see note 9)	(41,922)	(73,398)
Balance, end of year	**32,530**	**74,452**

35 Capital and reserves

A Share capital

In thousands of Naira	December 2023	December 2022
(a) Issued and fully paid-up :		
Ordinary shares of N1 each	5,101,052	5,050,546
Additions through share issuance	2,367,873	50,506
Balance, end of year	7,468,925	5,101,052

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 2023	December 2022
Balance, beginning of year	3,812,925	3,655,348
Additions through share issuance	6,014,398	157,577
Balance, end of year	9,827,323	3,812,925

C Reserves Other

Reserves

Other regulatory 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 Bank 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 derecognized 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 recognized income net of expenses plus current year profit attributable to shareholders.

36 Contingencies

(i) *Legal proceedings*
There were 8 (2022:7) outstanding legal proceedings with claims amounting to N2.1bn (31 December 2022: N1.8bn) against the Bank as at 31 December 2023. The claims are being defended by the Bank and the Directors are of the opinion that judgment will be given in favor of the Bank. The Bank's claim/counterclaim is to the tune of N4.1bn. 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 2023	December 2022
Contingent liabilities:		
Clean Line Letters of Credit	19,084,574	96,262,203
Guaranteed credit facilities	4,202,707	15,906,508
	23,287,281	**112,168,712**

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 outstanding 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	Bank 31 Dec 2023 N'000	31 Dec 2022 N'000
Coronation Registrars limited	Shareholder	0	8,459
Coronation Insurance Plc.	Shareholder	2,724	2,899
Coronation Insurance Life	Common ownership	1,091	4,524
Coronation Securities Limited	Common ownership	3,073,199	3,220,406
Coronation Trustees Limited	Common ownership	353,530	41,184
Coronation Asset Management Limited	Common ownership	16,770,601	2,799,103
Coronation Capital Limited	Common ownership	20,900,820	-
Trium Limited	Common ownership	652	652
Woven Finance Ltd	Common ownership	92,626	141,341
Marina Mars Proprietary Investments Limited	Shareholder	651,773	457,560
UNICO CPFA	Shareholder	388	376
Trustbanc	Shareholder	17,029	10,139,872
DTD Holding Limited	Shareholder	132,409	130,881
Tigrine Technolgy Ltd	Shareholder	716	226
Coastal Properties Ltd	Shareholder	167	529,778
Abubakar Jimoh	Former CEO/Chairman Trustbanc	2,728	1,322
Key management personnel	Employee	17,816	13,268
Directors	Directorship	221,821	344,634
		42,240,091	**17,836,483**

The above balances are customer deposits and investment funds in treasury bills and bonds. They are unsecured by the Bank and carry variable interest rates and are repayable on demand or as specified in the investment guideline. The bank is licensed as a Portfolio/Funds Manager and Corporate Investment Adviser by the Security and Exchange Commission (SEC).

(iv) Other related party transactions includes:

	Nature of transaction	Notes	Relationship	31 Dec 2023 N'000	31 Dec 2022 N'000
Coronation Asset Management Limited	Rental income	13	Common ownership	1 00,343	14,019
Coronation Asset Management Limited	Other receivables	26	Common ownership	162,683	-
Coronation Asset Management Limited	Placement	20	Common ownership	1,046,795	-
Coronation Capital Limited	Placement	22	Common ownership	27,675,000	-
Coronation Registrars	Payable	21	Shareholder	506,187	-
Coronation Capital Limited	Professional Services	15	Common ownership	274,713	527,874.12
Coronation Insurance Plc	Payment for Insurance premium	15	Shareholder	27,878	15,584
Coronation Life Assurance ltd	Payment for Insurance premium	15	Common ownership	29,699	26,221
Coronation Registrars	Brokerage Fees	12	Shareholder	389,281	-
Coronation Securities	Brokerage Fees	12	Common ownership	81,355	-
Trustbanc	Placement	20	Shareholder	3,694,250	-

b) Loans to related parties

Balances and transactions with related party as at

Bank

Relationship	Facility type	Status	31 Dec 2023	31 Dec 2022
Management	Mortgage, Personal and Car loan	Not impaired	365,664	747,221
			365,664	747,221

Interest earned on staff loan

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 collateralized by the underlying property.

c) Key management compensation	31 Dec 2023	31 Dec 2022
Salaries and other short-term employee benefits:	496,248	688,216
Salaries and wages	60,437	362,028
Other staff benefits	556,686	1,050,244

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 2023	31 Dec 2022
Executive directors	3	2
Management	17	17
Non-management	116	114
	136	**133**

Compensation for the above staff (excluding executive directors):

	Bank N'000 31 Dec 2023	Bank N'000 31 Dec 2022
Salaries and wages	1,410,856	1,652,589
Pension cost - defined contribution scheme	93,749	124,561
	1,504,605	**1,777,150**

The number of employees other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Bank N'000 31 Dec 2023	Bank N'000 31 Dec 2022
N3,500,001 - N5,500,000	58	48
N5,500,001 - N10,500,000	40	44
N10,500,001 - N20,000,000	12	24
Above N20,000,000	27	17
	137	**133**

In accordance with the provisions of the Pensions Act 2014 (amended), 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 2023	31 Dec 2022
Fees and sitting allowances	227,162	185,250
Executive compensation	224,442	182,847
Pension cost - defined contribution scheme	18,809	15,611
	470,413	**383,708**

Fees and other emoluments disclosed above include amounts paid to:

	31 Dec 2023	31 Dec 2022
Chairman	21,762	21,450
Highest paid director	27,855	24,200

The number of directors who received fees and other emoluments in the following ranges was:

	Number 31 Dec 2023	 31 Dec 2022
	10	10
	10	**10**
Above N20, 000,000		

40 Compliance with banking regulation

During the year under review, the sum of N22, 894,226.43 was paid for penalty (CBN - N20, 000,000; SEC - N1, 090,161.25; FMDQ - N1, 804,065.18).
The N 20m penalty was as a result of a foreign currency transaction (FX) sale to an authorized dealer without a prior approval from the Central Bank of Nigeria.

The N1, 090,000 penalty by the Security and Exchange Commission (SEC) relates to the bank violating the Commission's Rule 323 (17) which provides that, book-building should commence within two business days following the Commission's approval of the offer documents.

The N1, 804,065.18 penalty by FMDQ is as a result of the bank's inability to settle one of its fixed income trade at the agreed settlement date

The Bank is committed to ensuring consistent compliance with banking regulations.

41 Dividends

No dividend in respect of the year ended 31 Dec 2023 has been proposed (2022: nil).

42 Events after the reporting date

On 28 March 2024, the Central Bank of Nigeria issued a circular in respect of an upward review of minimum capital requirements for Commercial Banks, Merchant Banks and Non-Interest Banks. The new capital requirement for Merchant Banks is N50 billion, and is to be met within a period of 24 months, commencing from 1 April 2024 and terminating on 31 March 2026. The implication of this regulation is that Coronation Merchant Bank will have to increase its capital in order to comply with the minimum requirement. The Bank plans to raise capital via equity injection.

There are no other no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2023 or the profit for the year then ended on that date, that have not been adequately provided for or disclosed in the financial statements.

43 Non- Audit Services

During the year, the auditors Mssrs KPMG performed the following non -audit services

Service provided	Fee N'm
Customer Experience Survey Insights	6.9
Certification of Deposit Liabilities to NDIC	4.0
Processing of certificate of acceptance of fixed assets	2.0
Provision for whistle blowing services	1.5
Remuneration survey	4.5
Total fees for non-audit services	**19**

44 Statement of cashflow notes	Notes	Dec 2023	Dec 2022
(i) Proceeds from disposal of property and equipment	29		
Cost of property and equipment disposed during the year		141,331	157,609
Accumulated depreciation on property and equipment disposed		(83,099)	(91,677)
Net book value of property and equipment disposed		58,231	65,932
Loss on disposal of property and equipment	15	-	(4,419)
Proceeds from disposal of property and equipment		58,231	61,513
(ii) Non-pledged trading assets	21		
Balance as at beginning of the year		8,909,633	16,579,573
Balance as at end of year		(9,846,668)	(8,909,633)
		(937,035)	7,669,940
Interest receivable	44(xvi)	247,741	49,413
Unrealised fair value gain	11b	629,359	781,381
		(59,935)	8,500,734
(iii) Investment securities FVTOCI	23(a)		
Balance as at beginning of the year		77,454,925	61,059,937
Balance as at end of year		(63,379,592)	(77,454,925)
		14,075,333	(16,394,988)
Interest receivable	44(xvi)	108,639	195,744
Unrealised fair value gain or loss	17	(2,914,460)	1,375,490
		11,269,512	(14,823,754)
Explained by:			
Purchase of FVTOCI investment securities		(74,378,837)	(77,085,443)
Sale of FVTPL investment securities		120,753,455	63,715,101
		46,374,618	(13,370,342)
(iv) Investment securities at amortised cost	23(b)		
Balance as at beginning of the year		72,046,760	2,986,391
Balance as at end of year		(36,554,437)	(72,046,760)
		35,492,323	(69,060,369)
Interest receivable	44(xvi)	884,325	1,591,129
Changes in ECL allowance	9	(103,373)	(27,404)
		36,273,275	(67,496,644)
Explained by:			
Purchase of FVTOCI investment securities		(43,159,506)	(77,267,198)
Sale of FVTPL investment securities		26,441,151	10,816,330
		(16,718,355)	(66,450,868)
(v) Due from financial institutions	20		
Balance as at beginning of the year		-	650,128
Balance as at end of year		-	-
		-	650,128
Interest receivable	44(xvi)	143,848	64,058
Changes in ECL allowance	9	(6,148)	(21,493)
		137,700	692,693
(vi) Derivative financial instruments	22		
Assets			
As at January		1,320,540	3,381,961
Balance as at end of year		(11,584,604)	(1,320,540)
		(10,264,064)	2,061,421
Liabilities			
As at January		980,424	3,332,522
Balance as at end of year		(1,285,368)	(980,424)
		(304,944)	2,352,098
		(9,959,120)	(290,677)
(vii) Restricted deposit with CBN	26(b)		
As at January		99,335,092	121,850,717
Balance as at end of year		(59,664,183)	(99,335,092)
		39,670,909	22,515,625
(viii) Loans and advances to customers	25		
As at January		186,105,656	151,223,003
Balance as at end of year		(166,230,881)	(186,105,656)
		19,874,775	(34,882,653)
Interest receivable	44(xvi)	10,997,752	9,219,210
Changes in ECL allowance	9	(1,464)	159,346
		30,871,063	(25,504,097)

	Notes	Dec 2023	Dec 2022
(ix) Pledged assets	24		
As at January		21,640,509	69,892,088
Balance as at end of year		(7,839,254)	(21,640,509)
		13,801,255	**48,251,579**
(x) Other assets (excluding restricted deposit with CBN)	26		
As at January		8,302,033	9,669,408
Changes in ECL allowance	9	(1,510,437)	(146,893)
Balance as at end of year		(16,316,577)	(8,302,033)
		(9,524,981)	**1,220,482**
(xi) **Due to customers**	32		
As at January		211,726,915	177,359,031
Balance as at end of year		(181,694,003)	(211,726,915)
		30,032,912	(34,367,884)
Interest payable	44(xvii)	1,600,253	1,570,642
		31,633,165	(32,797,242)
(xii) Non-pledged trading liabilities	21		
As at January		11,074,950	27,828
Balance as at end of year		(5,051,834)	(11,074,950)
		(6,023,116)	11,047,122
(xiii) Deposits from financial institutions	31		
As at January		105,959,982	44,795,696
Balance as at end of year		(181,654,159)	(105,959,982)
		(75,694,177)	(61,164,286)
Interest payable	44(xvii)	3,169,268	618,084
		(72,524,909)	**(60,546,202)**
(xv) Other liabilities	34		
As at January		128,386,776	119,782,644
Changes in ECL allowance on contingents	9	(41,922)	(73,398)
Customer liability for LCs		1,440,129	(1,344,972)
Interest payable	44(xvii)	4,078,850	3,361,874
Balance as at end of year		(92,024,240)	(128,386,776)
		(41,839,593)	**6,660,627**
(xvi) Interest received			
Interest income	7	40,397,423	33,531,351
Interest receivable on loans - prior year	44(viii)	9,219,210	2,117,103
Interest receivable on non-pledged trading assests - prior year	44(ii)	49,413	294,731
Interest receivable on FVTOCI investment securities - prior year	44(iii)	195,744	489,032
Interest receivable on amortised cost investment securities - prior year	44(iv)	1,591,129	193,831
Interest receivable on placements - prior year	44(v)	64,058	43,185
Interest receivable on loans	44(viii)	(10,997,752)	(9,219,210)
Interest receivable on non-pledged trading assests	44(ii)	(247,741)	(49,413)
Interest receivable on FVTOCI investment securities	44(iii)	(108,639)	(195,744)
Interest receivable on amortised cost investment securities	44(iv)	(884,325)	(1,591,129)
Interest receivable on placements	44(v)	(143,848)	(64,058)
		39,134,672	**25,549,678**
(xvii) Interest paid			
Interest expense	8	47,208,207	37,963,641
Interest payable on due to customers - prior year	44(xi)	1,570,642	1,570,642
Interest payable on deposits from financial institutions - prior year	44(xiii)	618,084	829,111
Interest payable on subordinated liabilities - prior year	33(b)	58,180	53,215
Interest payable on commercial papers - prior year	33(a)	1,213,101	3,482,759
Interest payable on other liabilities - prior year	44(xv)	3,361,874	522,373
Interest payable on due to customers	44(xi)	(1,600,253)	(1,570,642)
Interest payable on deposits from financial institutions	44(xiii)	(3,169,268)	(618,084)
Interest payable on subordinated liabilities	33(b)	(73,665)	(58,180)
Interest payable on commercial papers	33(a)	1,861,126	(1,213,101)
Interest payable on other borrowings	33(c)	-	(550,946)
Interest payable on other liabilities	44(xv)	(4,078,850)	(3,361,874)
		46,969,179	37,048,915
(xvii) Exchange gains or losses			
Exchange gain on cash and cash equivalents		1,618,291	(26,992)
Other exchange (gain)/losses		(4,969,910)	369,594
Total foreign exchange (gain)/loss	12	(3,351,619)	342,602

Value added statement

Bank	31 Dec 2023 ₦'000	%	31 Dec 2022 ₦'000	%
Gross income	61,579,541		37,921,827	
Interest paid	(47,208,207)		(37,963,641)	
	14,371,334		(41,814)	
Impairments	(1,668,400)		164,369	
Administrative expenses (local and foreign)	(5,818,480)		(5,167,119)	
Value added/(eroded)	6,884,454	100	(5,044,564)	100
Value added distribution				
To government				
- Taxation	829,246	12%	509,328	-10%
To employees				
- Salaries and other benefits	2,289,424	33%	2,147,849	-43%
The future:				
- Depreciation and amortisation of property and equipment, ROU assets and intangibles	1,117,587	16%	1,089,502	-22%
Augment/(depletion) of reserves	2,648,197	38%	(8,791,243)	174%
	6,884,454	100%	(5,044,564)	100%

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

As at	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Assets	₦'000	N'000	₦'000	N'000	N'000
Cash and balances with banks	104,014,572	38,385,132	13,003,129	12,773,734	8,956,378
Due from financial institutions	36,675,560	6,255,393	11,588,361	35,806,050	57,473,891
Non pledged trading assets	9,846,668	8,909,633	16,579,573	10,343,935	11,408,065
Derivative financial assets	11,584,604	1,320,540	3,381,961	5,500,493	2,410,142
Investment securities					
At Amortised cost	36,554,437	72,046,760	2,986,391	11,590,141	1,672,125
At fair value through other comprehensive income	63,379,592	77,454,925	61,059,937	96,629,160	58,635,755
Pledged assets	7,839,254	21,640,509	69,892,088	16,104,307	16,326,798
Loans and advances to customers	166,230,881	186,105,656	151,223,003	122,682,497	72,683,949
Other assets	75,980,760	107,637,125	131,520,125	87,952,775	10,745,065
Right of use assets	228,545	250,808	35,948	53,994	76,861
Intangible assets	1,347,587	1,589,047	1,417,354	1,116,582	706,412
Property and equipment	6,970,099	6,709,812	6,788,859	6,586,596	6,472,233
Deferred tax asset	3,810,358	4,310,358	4,489,196	5,050,346	5,777,715
	524,462,917	532,615,698	473,965,925	412,190,610	253,345,389
Assets held for sale	-	-	-		5,000
Total assets	**524,462,917**	**532,615,698**	**473,965,925**	**412,190,610**	**253,350,389**
Liabilities					
Due to financial institutions	181,654,159	105,959,982	44,795,696	52,319,291	25,978,923
Due to customers	181,694,003	211,726,915	177,359,031	195,161,465	138,087,891
Non pledged trading liabilities	5,051,834	11,074,950	27,828	4,643	523,876
Derivative financial liabilities	1,285,368	980,424	3,332,522	5,429,271	2,420,349
Commercial paper liabilities	-	8,257,130	55,355,146	8,887,242	12,610,440
Surbodinated liabilities	24,991,944	24,918,279	24,860,099	24,806,884	-
Other borrowings	-	9,037,329	8,405,291		
Current income tax liabilities	427,662	286,434	246,453	166,568	280,971
Other liabilities	92,024,240	128,386,776	119,782,644	85,303,814	38,712,890
Deferred tax liability	-	-	-	-	166,220
Total liabilities	**487,129,210**	**500,628,219**	**434,164,710**	**372,079,178**	**218,781,560**
Equity					
Share capital	7,468,925	5,101,052	5,050,546	5,050,546	5,050,546
Share premium	9,827,323	3,812,925	3,655,348	3,655,348	3,655,348
Statutory reserve	9,063,139	8,665,909	8,665,908	8,364,841	7,608,741
Fair value reserve	(1,908,371)	3,775,869	2,400,379	3,051,029	870,146
Credit risk reserve	4,252,917	4,252,917	3,549,085	3,577,093	2,460,504
Retained earnings	8,629,774	6,378,807	16,479,949	16,412,575	14,923,544
Treasury stock			-	-	-
Total equity	37,333,707	31,987,479	39,801,215	40,111,432	34,568,829
Total equity and liabilities	**524,462,917**	**532,615,698**	**473,965,925**	**412,190,610**	**253,350,389**

STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2023 ₦'000	31 Dec 2022 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Gross Earnings	61,579,541	37,921,827	43,950,813	27,357,526	31,128,815
Interest and similar income	40,397,423	33,531,351	34,107,042	19,950,522	25,093,015
Interest and similar expense	(47,208,207)	(37,963,641)	(33,107,688)	(15,269,476)	(20,664,692)
Net interest income	(6,810,784)	(4,432,290)	999,354	4,681,046	4,428,323
Impairment (charge) / write back for credit losses	(1,668,400)	164,369	(503,923)	(228,240)	(90,521)
Net interest income after impairment charge for on financial assets	(8,479,184)	(4,267,921)	495,431	4,452,806	4,337,802
Fee and commission income	11,663,559	2,588,953	1,982,983	1,884,587	1,351,031
Net gains on investment securities	10,833,993	1,056,225	1,813,122	4,748,985	4,011,964
Net foreign exchange income	(2,118,759)	234,785	5,643,437	386,249	314,810
Other operating income	803,325	510,513	404,229	387,183	357,995
Operating expenses	(9,225,491)	(8,404,470)	(7,543,204)	(6,075,388)	(5,349,718)
Profit/(loss) before tax	3,477,443	(8,281,915)	2,795,998	5,784,422	5,023,884
Taxation	(565,478)	(509,328)	(788,886)	(743,758)	(257,172)
Profit/(loss) for the year	**2,911,965**	**(8,791,243)**	**2,007,112**	**5,040,664**	**4,766,712**
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	(5,684,240)	1,375,490	(650,650)	1,375,490	175,520
Other comprehensive (loss)/income for the year (net of tax)	(5,684,240)	1,375,490	(650,650)	1,375,490	175,520
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,772,275)	(7,415,753)	1,356,462	6,416,154	4,942,232

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting of members of Coronation Merchant Bank Limited ("the Bank" or "the Company") will hold on Thursday, June 20, 2024 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, 2023, and the Reports of the Directors, Auditors and Audit Committee thereon.

2. To re-elect **Mr. Babatunde Folawiyo** as a Non-Executive Director.

3. To re-elect **Ms. Evelyn Oputu** as a Non-Executive Director.

4. To re-elect **Mr. Larry Ettah** as a Non-Executive Director.

5. To elect **Mr. Olayinka Tiamiyu** who was appointed as an Independent Non-Executive Director by the Board of Directors since the last Annual General Meeting.

6. To elect **Mr. Paul Abiagam** who was appointed as an Executive Director (Deputy Managing Director) by the Board of Directors since the last Annual General Meeting.

7. 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.

8. To authorize the Board of Directors to fix the remuneration of the Auditors.

9. To disclose the remuneration of the Bank's managers.

B. SPECIAL BUSINESS

As Ordinary Resolutions:

10. That the Directors' fees for the financial year ending December 31, 2024, be and is hereby fixed at ₦20,000,000.00 (Twenty Million Naira only) for the Chairman and ₦18,000,000.00 (Eighteen Million Naira only) for each of the Non-Executive Directors. That the sitting allowance for Directors be and is hereby fixed at ₦420,000.00 per sitting for the Chairman and ₦350,000.00 per sitting for the other Non-Executive Directors.
11. To consider the report of the Board Performance Appraisal for the year ended December 31, 2023.

As Special Resolution:

12(A) That pursuant to Section 305(3) of the Companies & Allied Matters Act, 2020 and Article 50 of the Company's Articles of Association, the Board of Directors of the Company be and is hereby authorized to take all steps that may be required to raise such equity or other capital up to such amount as may be determined by the Directors, as appropriate, for the Bank's operations and for the purpose of meeting the directive of the Central Bank of Nigeria on the new minimum capital requirement for merchant banks, in such manner as the Board may determine, including, but not limited to rights issues, private placements and/or any other suitable means of capital raise.

12(B) That the Board of Directors of the Company be and is hereby authorized, in furtherance of resolution 12A above, to establish an equity shelf programme of up to N50billion, through which equity capital of up to N33billion will be raised by way of a rights issue, subject to the approvals of the relevant regulatory authorities.

12(C) That if any of the existing shareholders do not take up their shares within the timeframe stipulated for the rights issue, the shares may first be offered to other interested shareholders and subsequently to such other investors on such terms and conditions as the Directors may determine, subject to the approvals of the relevant regulatory authorities.

12(D) That the Board of Directors be and is hereby authorized to appoint such professional parties and advisers, to enter and execute any agreements, deeds, notices, or any other documents, to perform all such other acts and do all such other things as may be necessary or incidental to give effect to Resolutions 12(A), 12(B) and 12(C) above.

12(E) That the issued share capital of the Bank be increased by the corresponding number of shares allotted through any or all the above capital raise activities and that consequential amendment be made to its Memorandum and Articles of Association.

DATED THIS 28th DAY OF MAY, 2024

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 full restoration of human movement and association following the relaxing of all Covid 19 restrictions, attendance at this year's AGM will be physical. 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. Also, the Board has resolved to deploy technology to enable the Shareholders of the Company to attend and participate remotely in the proceedings at the Meeting.

Each Shareholder will be able to participate in the proceedings through a link that will be 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 his email address: subani@coronationmb.com or legal@coronationmb.com not later than 48 hours prior to the time of the Meeting. 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 20th June, 2024, log-in to the Meeting from its commencement at 11am using the 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 (Eshe), 0708 505 8527 (Azeez) or 0810 251 5484 (Patrick).

2. **Dividends**
Against the background of the Bank's performance in 2023, the Directors will not be proposing any dividend. The Board is however confident that the strategies approved for implementation shall result in a positive performance in 2024.

5. **Rights of Shareholders to ask questions**
Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Bank on or before 17th June 2024.

6. **Profiles of Directors**
Biographical details of Directors standing for election or re-election are provided in the explanatory notes.

PROXY FORM

The 9th Annual General Meeting ("AGM" or "the Meeting") of **CORONATION MERCHANT BANK LIMITED** will hold on Thursday, 20th June 2024 at Coronation House, 10, Amodu Ojikutu Street, Victoria Island, Lagos at 11.00a.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 20th June 2024 at 11.00 a.m. or at any adjournment thereof.

NOTE

1. A member of the Company ("Shareholder") who is unable to attend the AGM is allowed by law to vote by proxy and this Proxy Form has been prepared to enable you to exercise your right to vote in case you cannot attend the Meeting either in person or virtually.
2. Following the normal 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 in the blank space above, the name of any person, whether a member of the Company or not, 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 and ensure that the Proxy Form is dated, signed and stamped by the Commissioner for Stamp Duties.
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 to be used for the purpose of voting by any person entitled to vote at any 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, 2023, 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. Babatunde Folawiyo**, 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. Evelyn Oputu**, be and is hereby re-elected as a Non-Executive Director of the Bank.			
4	That pursuant to Article 56 of the Articles of Association of the Company, **Mr. Larry Ettah**, 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, **Mr. Olayinka Tiamiyu**, who was appointed by the Board of Directors since the last AGM, be and is hereby elected as an Independent Non-Executive Director of the Bank.			
6	That pursuant to Section 274(2) of the Companies & Allied Matters Act 2020, **Mr. Paul Abiagam**, who was appointed by the Board of Directors since the last AGM, be and is hereby elected as an Executive Director of the Bank.			
7	That KPMG Professional Services be and is hereby re-appointed as the Auditors to the Company from the end of this 9th AGM until the end of the next year's AGM.			
8	That Directors be and are hereby authorized to fix the remuneration of the External Auditors, KPMG Professional Services, for the 2024 financial year.			
9	To disclose the remuneration of the Bank's managers.			
	Special Business (As Ordinary Resolutions)			

10	That the Directors' fees for the financial year ending December 31, 2024, be and are hereby fixed at ₦20,000,000.00 (Twenty Million Naira only) for the Chairman and ₦18,000,000.00 (Eighteen Million Naira only) for each of the Non-Executive Directors. That the sitting allowance for Directors be and is hereby fixed at ₦420,000.00 per sitting for the Chairman and ₦350,000.00 per sitting for the other Non-Executive Directors.			
11	To consider the report of the Board Performance Appraisal for the year ended December 31, 2023.			
	Special Business (As Special Resolutions)			
12	(A) That pursuant to Section 305(3) of the Companies & Allied Matters Act, 2020 and Article 50 of the Company's Articles of Association, the Board of Directors of the Company be and is hereby authorized to take all steps that may be required to raise such equity or other capital up to such amount as may be determined by the Directors, as appropriate, for the Bank's operations and for the purpose of meeting the directive of the Central Bank of Nigeria on the new minimum capital requirement for merchant banks, in such manner as the Board may determine, including, but not limited to rights issues, private placements and/or any other suitable means of capital raise. (B) That the Board of Directors of the Company be and is hereby authorized, in furtherance of resolution 12A above, to establish an equity shelf programme of up to N50billion, through which equity capital of up to N33billion will be raised by way of a rights issue, subject to the approvals of the relevant regulatory authorities. (C) That if any of the existing shareholders do not take up their shares within the timeframe stipulated for the rights issue, the shares may first be offered to other interested shareholders and subsequently to such other investors on such terms and conditions as the Directors may determine, subject to the approvals of the relevant regulatory authorities. (D) That the Board of Directors be and is hereby authorized to appoint such professional parties and advisers, to enter and execute any agreements, deeds, notices, or any other documents, to perform all such other acts and do all such other things as may be necessary or incidental to give effect to Resolutions 12(A), 12(B) and 12(C) above. (E) That the issued share capital of the Bank be increased by the corresponding number of shares allotted through any or all the above capital raise activities and that consequential amendment be made to its Memorandum and Articles of Association.			

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 ____________________ 2024

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 provide an explanation on the proposed resolutions.

Ordinary Business:

Resolutions 1-9 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 prior to the date of the meeting. This provides the Shareholders the opportunity to ask questions on the contents of the Annual Report and Financial Statements.

Resolutions 2-6: 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 keeping with the requirement, Mr. Babatunde Folawiyo, Ms. Evelyn Oputu and Mr. Larry Ettah 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 commitment to their role as Non-Executive Directors.

The Board considers all the Directors submitting themselves for re-election as highly experienced and having 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 Mr. Olayinka Tiamiyu as an Independent Non-Executive Director and Mr. Paul Abiagam, an Executive Director (Deputy Managing Director) to the Board of the Bank in 2023, after the 8th AGM, Mr. Tiamiyu and Mr. Abiagam will be presented for election at the 9th AGM.

The brief profiles of the Directors standing for election and for re-election are set out below. The Board recommends that Mr. Tiamiyu and Mr. Abiagam be elected, and that Mr. Folawiyo, Ms. Oputu and Mr. Ettah be re-elected to maintain the needed balance of skills, knowledge and experience on the Board.

BABATUNDE FOLAWIYO
Non-Executive Director (Chairman)

B.Sc Economics	London School of Economics
LL.B Law	London School of Economics
LL.M Law	University College, London

Mr. 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 interest in an oil producing field outside of the Niger-Delta in Nigeria.
- Folawiyo Energy Limited, a subsidiary of the Yinka Folawiyo Group in partnership with Glencore Energy. The Company 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 had serve 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. He is the Chairman, Board of Directors of Coronation Merchant Bank Limited ("the Bank").

EVELYN OPUTU
Non-Executive Director

National Diploma, Secretarial	Temple School, Washington D.C, USA
B. Sc, Business Administration	University of Lagos
PGD, General Management	Harvard Business School

Ms. Evelyn Oputu is a retired and accomplished Banker with over 38 years of banking experience. Before her retirement in 2014 as the Managing Director of Bank of Industry, Ms. Oputu had worked in several banks in Nigeria (commercial, merchant, and industrial) including 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 while traversing the entire spectrum of banking operations in the areas of credit and marketing, corporate finance, corporate banking, investment banking, amongst 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 the Bank:

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

LARRY ETTAH
Non-Executive Director
B.Sc. Industrial Chemistry University of Benin
MBA Finance/Marketing University of Benin

Mr. Larry Ettah is the Executive Chairman of Barracuda Capital Partners Limited, a firm he formed after his retirement as the Group Managing Director/Chief Executive Officer of UAC of Nigeria Plc (UACN) in 2018.

He holds B.Sc. degree in Industrial Chemistry (1985); 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 also has 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").

Mr. Ettah 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 election as President of the Nigeria Employers' Consultative Association (NECA), as well as Vice President (Multinationals) of Manufacturers Association of Nigeria (MAN). Also, he is a past council member of the Lagos Chamber of Commerce & Industry (LCCI). Mr. Ettah currently serves as a Non-Executive Director on the Board of Chi Limited.

Mr. Ettah is a member of the following Board Committees of the Bank:

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

The interest of Non-Executive Directors standing for re-election in the ordinary shares of the Bank as at December 31, 2023 are as shown below:

S/N	Name of Director	Direct Holding	Indirect Holding
1	Mr. Babatunde Folawiyo	Nil	353,912,105
2	Ms. Evelyn Oputu	Nil	Nil
3	Mr. Larry Ettah	Nil	381,662,123

OLAYINKA TIAMIYU
Non-Executive Director (Independent)

B.Sc, Petroleum Engineering	University of Ibadan
M.Sc Industrial Engineering	University of Ibadan
MBA	University of Lagos

Mr. Olayinka Tiamiyu graduated with a B.Sc Hons Degree in Petroleum Engineering and an M.Sc in Industrial Engineering both from University of Ibadan in 1986 and 1990, respectively. In 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 started his illustrious career, which spanned a period of 32 years, with 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 about 22 years in Access Bank Plc and 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 Wharton Business Schools and was the 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 the Bank:

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

PAUL ABIAGAM
Deputy Managing Director

B.Sc Botany	University of Benin
MBA	Lagos Business School
	Pan African University

Mr. Paul Abiagam obtained a B.Sc. in Botany from the University of Benin in 1995 and an MBA in Management from Lagos Business School in 2014. He became an honorary senior member of the Chartered Institute of Bankers of Nigeria in 2011 and a Fellow of the Chartered Institute of Management Accountants of the United Kingdom in 2018. He became member of the American Institute of Certified Public Accountants in 2018 (AICPA) and a member of Institute of Directors, Nigeria in 2022. He is an alumnus of the prestigious Lagos Business School.

Mr. Abiagam started his Banking career at Diamond Bank Plc as an Executive Trainee in 1998 and became an Assistant Manager before joining GTBank in 2005 as a Deputy Manager & Branch Head, Commercial Banking Group. He rose to the level of General Manager and Divisional Head, Commercial Banking in 2018 before his appointment as the Divisional Head, Corporate Banking, Lagos Island, in 2019. In January 2022, he was appointed as the pioneer Managing Director/CEO of Guaranty Trust Pension Managers Ltd. He was a Non-Executive Director of Guaranty Trust Bank, Cote D'Ivoire between June 2018 and March 2023.

Mr. Abiagam was appointed as the Deputy Managing Director of Coronation Merchant Bank Limited in December 2023 and is a member of the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

Mr. Tiamiyu and Mr. Abiagam are therefore presented to the members for election as Independent Non-Executive Director and Executive Director of the Bank, respectively.

Resolutions 7-8: 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 to 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 8th Annual General Meeting held on June 5, 2023 and have indicated their willingness to so act for the next one 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 general meeting or in such manner as the company in general meeting may determine. 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, 2024.

Resolution 9: 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 an ordinary business. For this disclosure, the Managers include employees on the grade of Assistant General Managers and above.

In line with the provisions, the Bank's Managers were paid a total of ₦396million in 2023 excluding other benefits, bonuses, and allowances. The entire package was reflective of the banking industry's competitive salary package and the extent to which the Bank's objectives had been met for the financial year.

Special Business

Resolutions 10-11 are the special business of the meeting that are being proposed as Ordinary Resolutions while Resolution 12 pertains to special business that will be proposed as a Special Resolution. That means that for this resolution, 75% of the votes in favour of the resolution will be required.

Resolutions 10: 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 in AGM for annual fees payable to the Non-Executive Directors. Shareholders will therefore be required to approve annual fees of ₦20,000,000.00 (Twenty Million Naira only) for the Chairman and ₦18,000,000.00 (Eighteen Million Naira only) for each of the Non-Executive Directors. They will also be required to approve the sitting allowance for Non-Executive Directors at ₦420,000.00 per sitting for the Chairman and ₦350,000.00 per sitting for the Non-Executive Directors.

Resolution 11: Appointment of a Consultant for 2023 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, 2023, the report shall be presented to Shareholders at this 9th AGM.

Resolution 12: Capital Raise

By a Circular dated March 28, 2024, the CBN increased the minimum capital requirement of all commercial, merchant and non-interest banks in Nigeria. For merchant banks, the minimum capital was increased from N10billion to N50billion. The Bank's eligible capital (consisting of paid-up capital and share premium) as at March

31, 2024 was approximately N17billion and as such, it is imperative for the Bank to raise additional capital of up to N33billion to meet the new capital requirement. The additional capital will also help the Bank to comply with the capital requirements of Basel III, improve the Bank's balance sheet resilience, strengthen its capacity for business growth and provide a response to the impact of foreign currency volatility on its operations. The proposed resolutions would empower the Board to take the requisite steps to raise the required capital to meet the CBN's new requirement and to meet its business and operational needs.