ZENITH BANK (UK) LTD

2024 ANNUAL REPORT & FINANCIAL STATEMENTS

Contents

Officers and Professional Advisers

Directors

Jim Ovia	Chair	(Retired from the Board on 15 October 2024)
Dr. Ebenezer Onyeagwu	Non-Executive / Chair (Interim)	(Appointed as Chair (Interim) From 8 November 2024 to 25 February 2025)
Dame (Dr.) Adaora Umeoji	Chair	(Appointed to the Board on 26 February 2025)
Andrew Gamble	Independent Non-Executive	(Retired from the Board on 31 March 2024)
Dokun Omidiora	Independent Non-Executive	
Andy Gregson	Independent Non-Executive	
Alex Shapland	Independent Non-Executive	
Isla Macleod	Independent Non-Executive	(Appointed to the Board on 30 January 2024)
Anthony A. Ogunranti	Non-Executive	(Appointed to the Board on 27 February 2025)
Udu Ovbiagele	Chief Executive	

Company Secretary
Joseph Crowley

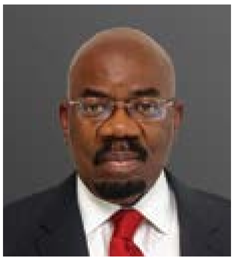
Registered office
39 Cornhill
London
EC3V 3ND

Main Bankers
Barclays Bank Plc, London
Citigroup, London, and New York
Standard Chartered Bank, London
HSBC, London
Societe Generale, Paris

Solicitors
Clifford Chance LLP, London

Independent Auditor
MHA
6th Floor
2 London Wall Place
London
EC2Y 5AU

Board of Directors



Jim Ovia – Chair of the Board (retired from the board on 15 October 2024)

Jim Ovia is the founder and Chairman of Zenith Bank Plc, one of Africa's largest banks with over US$19 billion in assets as at December 2024. Zenith Bank Plc is a global brand listed on the London Stock Exchange and the Nigerian Stock Exchange. In addition to major operations in Nigeria and other West African countries, the Bank has sizeable operations in London and Dubai.

Jim Ovia is the founder and Chancellor of James Hope University Lekki, Lagos which was recently approved by the National Universities Commission (NUC) to offer postgraduate degrees in business courses.

Through his philanthropic venture, the Jim Ovia Foundation, he has shown the importance he accords to good education. In support of Nigerian youth, the Jim Ovia Foundation offers scholarships to indigent students through the Mankind United to Support Total Education (MUSTE) initiative. Most of the beneficiaries of Jim Ovia Foundation scholarship are now accountants, business administrators, lawyers, engineers, doctors etc.

He is the author of "Africa Rise and Shine", published by ForbesBooks. The book which encapsulates Zenith Bank's meteoric rise, details the secret of success in doing business in Africa.

He is an alumnus of the Harvard Business School (OPM), University of Louisiana (MBA), and Southern University, Louisiana, (B. Sc. Business Administration).

Jim Ovia is a member of World Economic Forum Community of Chairpersons, and a champion of the Forum's EDISON Alliance.

Ebenezer Onyeagwu – Non-Executive Director / Interim Chair (from 8 November 2024 to 25 February 2025)

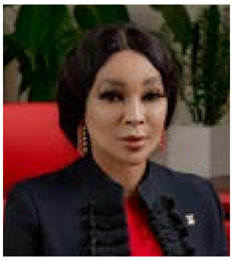
Ebenezer Onyeagwu is the former Group Managing Director/Chief Executive Officer of Zenith Bank Plc.

Dr. Onyeagwu is a graduate of Accounting and Fellow of the Institute of Chartered Accountants of Nigeria (FCA). He is an alumnus of the University of Oxford, England where he obtained a certificate in Macroeconomics and Postgraduate Diploma in Financial Strategy. He holds an MBA from Delta State University, Nigeria and Master Degree in Financial Services Management from the Salford Business School, University of Salford, Manchester, United Kingdom. He also undertook extensive executive level education in Wharton Business School of the University of Pennsylvania, Columbia Business School of Columbia University, the Harvard Business School of Harvard University, in the United States.

Dr. Onyeagwu is the Chairman of Zenith Pensions Custodian Limited and Zenith Nominees Limited. He is also on the Board of FMDQ Holdings Plc, Shared Agent Network Expansion Facilities (SANEF) Limited and Lagos State Security Trust Fund (LSSTF). Dr. Onyeagwu is a member of the International Monetary Conference (IMC), Wall Street Journal CEO Council, and member of the African Trade Gateway Advisory Council of the Africa Export-Import Bank (Afreximbank).

He is committed to sustainable banking and shares the belief that businesses should be a force for the creation of shared prosperity.

Board of Directors (continued)



Dame (Dr.) Adaora Umeoji, OON – Chair of the Board

Dame (Dr.) Adaora Umeoji OON, is the Group Managing Director/CEO of Zenith Bank Plc.

With nearly three decades of cognate banking experience and over 20 years of extensive executive management expertise in Zenith Bank, Dame (Dr.) Adaora Umeoji, OON has established herself as one of the leading figures within the banking sector. She is the Chairperson of Zenith Nominees Limited and She sits on the board of Zenith Bank (Ghana) Plc as a non-executive director.

Dame (Dr.) Adaora Umeoji is an alumna of the prestigious Harvard Business School, where she completed the Advanced Management Program (AMP) and Columbia Business School with a Certificate in the Global Banking Program. She holds a Bachelor's Degree in Sociology from the University of Jos, a Bachelor's Degree in Accounting, and a First-Class honors in Law from Baze University, Abuja. Additionally, she obtained a Master of Laws from the University of Salford, United Kingdom, and a Master of Business Administration (MBA) from the University of Calabar. Her academic and professional pursuits culminated in a Doctorate in Business Administration from Apollos University, USA, with research focused on inspirational leadership which has been recognized for its significant contribution to leadership and people management.

Her commitment to continuous learning and professional excellence is demonstrated by her participation in executive management programs at esteemed institutions worldwide, including the MIT Sloan School of Management, USA, where she acquired a certificate in Economics for Business, Harvard Business School, USA with certificates in Leading Global businesses and the executive program in Strategic Management, and Wharton Business School with a Certificate in the Strategic Thinking and Management for competitive advantage program. Dame (Dr.) Adaora Umeoji is a Certificated Professional Banker of the Chartered Banker Institute, and a distinguished fellow of numerous professional bodies, including the Chartered Bankers Institute of London, the Chartered Institute of Bankers of Nigeria, the Institute of Credit Administration, the Institute of Certified Public Accountants of Nigeria, the Institute of Chartered Meditators & Conciliators, and the Institute of Chartered Secretaries & Administrators of Nigeria among others.

Throughout her career, Dame (Dr.) Adaora Umeoji has delivered keynote speeches and lead papers at prestigious academic conferences and symposia, influencing discussions on financial growth drivers and inspirational leadership. She has actively contributed to high-level bankers' meetings, driving impactful strategies for the advancement of the banking industry and national economic growth. Passionate about mentoring and youth empowerment, she has delivered motivational speeches aimed at nurturing future banking professionals and leaders.

Beyond her corporate responsibilities, Dame (Dr.) Adaora Umeoji is deeply committed to philanthropy and service to humanity. She founded the Pink Breath Cancer Care Foundation which educates, supports cancer patients, and promotes healthcare programs across Nigeria, and established the Adorable Foundation with a focus on educating and providing for indigent children, particularly the Girl-Child. Her humanitarian efforts have garnered recognition from esteemed organizations, including the Nigerian Red Cross and the Sun Newspaper which recently honored her with the Humanitarian Service Icon Award for 2023.

Dame (Dr.) Adaora Umeoji's commitment to ethical banking led her to institute the Catholic Bankers Association of Nigeria (CBAN). She is also recognized as a Peace Advocate of the United Nations (UNPOLAC) and a Lady of the Order of Knights of St. John International (KSJI). Her advocacy efforts were further acknowledged by His Holiness Pope Francis, who conferred on her the Papal Knight of the Order of St. Sylvester.

In 2022, the Federal Government of Nigeria honored Dr. Umeoji with Officer of the Order of the Niger, as a recognition of her contributions to nation building which highlights her dedication to the sustainable development of the country.

Andrew Gamble – Independent Non-Executive Director

Andrew is the chair of Africa Credit Opportunities Limited and sits on the Governing Council of the Pan-African Payments and Settlement System as the representative for African Export-Import Bank. He was the Chairman of the Zenith Bank (UK) Limited Board Risk Committee. He sits on the Boards of various other companies in a non-executive capacity and acts as a legal and business consultant for banks and law firms. Andrew is a law graduate and qualified English solicitor. He retired from the international law firm of Hogan Lovells at the end of 2013. During his career of 37 years at that firm he held various positions including London regional Managing Partner, Head of International Banking and Head of Africa.

Board of Directors (continued)

Dokun Omidiora – Independent Non-Executive Director

Dokun Omidiora's professional career extends over 30 years with major institutions in London such as PwC, S.G. Warburg (now UBS) and Citibank N.A. His senior roles covered external and internal auditing, financial controlling, money markets dealing, risk treasury management and foreign exchange dealing management.

Dokun's career covered most financial asset classes, in vanilla and derivative products. Although Dokun's career has been based mostly in the City of London, he has spent substantial periods working in other financial centres such as New York, Hong Kong and across several countries in the developing markets of Sub-Saharan Africa.

Dokun is the founder and Managing Director of IntroAfrica Group which helps foster new trade links into Sub-Saharan Africa. He is an alumnus of University of Ibadan, Nigeria, and a Fellow of the Institute of Chartered Accountants in England and Wales.

Andy Gregson – Independent Non-Executive Director

Andy is the Chair of the Audit and Compliance Committee (ACC). Andy has had an extensive career as a Non-Executive Director, Senior Executive and Consulting Partner working with global Financial Services institutions covering Banking, Capital Markets, e-Money and Payments, and Insurance.

He is currently also a Board Non-Executive Director at Vitesse PSP Limited (regulated by the FCA in the UK) and Vitesse Trust Company LLC (regulated by the NYDFS in the US). Vitesse is a leading fin-tech supporting the Insurance sector and prior to these roles Andy advised them on major regulatory change and expansion into new geographical markets. He was previously their Chief Risk & Compliance Officer.

Andy has a deep understanding of Finance, Risk, Regulation, Compliance, and Assurance, and has helped organisations to set and execute business strategy, establish effective governance and risk control frameworks, and shape and deliver significant change programs. He also brings experience having held several non-executive positions within the not-for-profit sector.

Andy is a Chartered Accountant and began his professional career with PwC and Accenture.

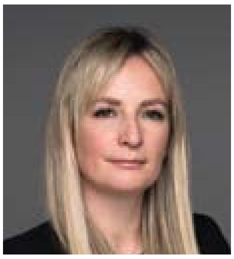
Alex Shapland – Independent Non-Executive Director

Alex was a former Partner at PwC and Senior Regulator with experience in UK and overseas with a wide range of Banks, Insurance companies and Financial Services regulatory bodies.

He has worked in the Financial Services Industry for over 40 years as a Banker, Regulator, Chief Operating Officer, Regulatory and Risk partner. During this time, his principal activities included providing advisory services to start up teams seeking authorisation from UK and overseas regulators as well as Corporate governance, Regulatory and Risk consultancy services. More recently, he has developed his career as an Independent Non-Executive Director of a number of banks and financial services institutions and Chair of Audit & Risk committees.

Alex possesses extensive Chair and Board Advisory experience having served on the Board of various type of entities such as Publicly quoted companies, Privately held companies, Private Equity Backed companies, Fast Growth companies, Foreign owned UK subsidiary and mutual operating models.

Alex is an Associate member of the Chartered Banker Institute, UK.



Isla Macleod – Independent Non-Executive Director

With more than 20 years' experience working for global news publishers including the Financial Times and BBC Global News, Isla is a trilingual executive with a proven track record of delivering results through clear strategic vision and strong commercial acumen. She has extensive experience of change management and building and leading teams across Western and Central Europe and Central Asia and more recently, was responsible for expanding the commercial footprint across Sub-Saharan Africa.

With experience of advising business leaders and key decision makers in both public and private sector corporations, Isla has led in the crafting and executing of global media and communications strategies. She has worked across a broad range of sectors - from Government, DTI, Nation Branding, Financial services, Travel and Tourism, Luxury, Petrochemical and Mining. She has advanced skills in strategy development to underpin investment, marketing and business development and has a robust understanding of digitisation of news services based on user consumption habits. Isla holds a BA (Hons) French and German from Royal Holloway, University of London and she speaks both languages.

Board of Directors (continued)

Anthony Akindele Ogunranti – Non-Executive Director

Mr. Akindele Ogunranti is a consummate professional banker with over thirty years banking experience, spanning Banking Operations, Corporate, Commercial, Retail and Branch Banking, Multilateral Institutions/Export Credit agencies, Power & Infrastructure sector, Oil & Gas, Structured Trade & Project Finance, Public Sector, as well as General Management. He currently oversees Corporate Banking, Oil and Gas, Apapa Zone, Lagos Public Sector, South-West and South-South Regions. He also serves as the Director in charge of the Bank's Technology Group, responsible for the Bank's Digital transformation.

He holds a B.Sc. (Hons) in International Relations from the Obafemi Awolowo University, Ile-Ife, an MBA in Marketing, and M.Sc. (Hons) Banking and Finance, University of Ibadan. He has attended the Moody's Credit Academy, UK, the Executive Development Program (EDP), Wharton Business School, USA and the Leading Change and Organizational Renewal Program (LCOR) at Harvard Business School, USA.

Mr. Ogunranti joined Zenith Bank Plc in 2004 as a Senior Manager and has held various leadership positions in the bank. Prior to his appointment as Executive Director, he served as the MD/CEO, Zenith Bank Ghana Limited, where he led the Bank to achieve outstanding results. Under his leadership, the bank received several laurels and awards, notable among which were the Bank of the Year 2020 and the Best Bank in Ghana 2021. He was also a two-time winner of the CEO of The Year Award (Banking Category) in Ghana.

He was until his appointment a Member of the Executive Committee of the Ghana Association of Bankers (GAB) and a Member of the Governing Council, of the National Banking College, Ghana. He was also conferred with the Distinguished Alumnus Award 2021, by the Obafemi Awolowo University, Ile-Ife. Mr. Ogunranti currently sits on the Boards of Zenith Bank UK Limited, Zenith Nominees Ltd, Africa Finance Corporation and Mastercard Africa Leadership Council.

He is also an Honorary Senior Member of Chartered Institute of Bankers of Nigeria (HCIB), Honorary Fellow Chartered Institute of Credit Management, Ghana (FCICM) and a Member Nigeria Institute of Management (MNIM).

Udu Ovbiagele – Chief Executive Officer

Udu holds a Bachelor's degree in Economics and International Relations from the University of Reading, England, and an MBA in International Business from The Birmingham Business School, University of Birmingham, England. He also holds a Post Graduate Certification in The Mechanics of International Trade & Finance (CITF) jointly awarded by the London Institute of Banking & Finance (LIBF) and Middlesex University, London, England. He is a certified Commercial Banking and Credit Analyst (CBCA), awarded by the Corporate Finance Institute (CFI) of Vancouver, Canada. He is also a Fellow of the Chartered Institute of Bankers. (FCIB), and well as a Fellow of the National Institute of Credit Administrators (FICA). He is an alumnus of the London Business School where he has undertaken executive level leadership training.

Udu commenced his banking career in Zenith Bank Plc's Domestic Operations Group which offered him a firm grounding of the various aspects of the Bank's operations, prior to him venturing into the wide spectrum of Corporate Banking at the Group's Head Office. His vast banking experience spans over two decades and cuts across various sectors including manufacturing, trading, hospitality, non-bank financial institutions, commercial real estate & Infrastructure, Project finance, Investment Banking, Development Finance, Telecomms, Agency Banking, Financial Technology and International Trade and finance. He has served in various supervisory capacities over the years, and as such has been actively involved in business development, corporate strategy, facility structuring, loan syndication and income optimisation. Prior to his appointment as CEO, Udu was the Zenith Bank (UK) Ltd Executive Director overseeing the Trade Finance Group, Correspondent Banking Group, the Dubai Branch, the Multinational Corporates Group, the Institutional Banking Group as well as the Digital Marketing Group.

Udu has been exposed to various training and management programmes, some of which include Treasury, Correspondent Banking, Bond and FX trading, Trade Services, Financial Control, Advanced Credit analysis, Risk Management, Internal Control, and Compliance. He has also played key roles in several development projects in the Group including, but not limited to, electronic business, Investment Banking and Credit Risk Management.

Directors' Report

The Directors are pleased to present their annual report and the audited statutory financial statements of Zenith Bank (UK) Limited ("Bank", "ZBUK," "Zenith UK") for the year ended 31 December 2024.

The Bank was incorporated and registered in England & Wales in 2006 and is domiciled in the United Kingdom. The Bank's registered number is 05713749, and registered office and principal place of business is located in England and situated at 39, Cornhill, London EC3V 3ND. The Bank is limited by shares and fully owned by the parent and ultimate parent undertaking, Zenith Bank Plc, a Bank incorporated in Nigeria.

The Bank has a branch in Dubai which is registered at Office 1301C, North Tower, Emirates Financial Towers, DIFC, Dubai, United Arab Emirates, and a branch in Paris which is registered at 21 Rue de la Paix, 75002, Paris Cedex, France.

Principal activities

Details of the Bank's principal activities are contained in the Strategic Report.

Financial Instruments

The financial risk management objectives and policies are covered under Note 33 to the financial statements.

Financial Results and Dividend

The Bank's profit for the year after taxation amounted to US$ 42,223,349 (2023: US$ 54,837,411). The Directors do not recommend the payment of a dividend for the year ended 31 December 2024 (2023: US$ Nil).

Political contributions and charitable donations

During the year, the Bank made charitable donations of US$ 25,129 (2023: US$ 25,098). No political donations were made during the year (2023: US$ Nil).

Directors and Directors' interests

The Directors of the Bank who were in office during the year and up to the date of signing the financial statements were:

Jim Ovia	Chair	(Retired from the Board on 15 October 2024)
Dr. Ebenezer Onyeagwu	Non-Executive / Chair (Interim)	(Appointed as Chair (Interim) From 8 November 2024 to 25 February 2025)
Dame (Dr.) Adaora Umeoji	Chair	(Appointed to the Board on 26 February 2025)
Andrew Gamble	Independent Non-Executive	(Retired from the Board on 31 March 2024)
Dokun Omidiora	Independent Non-Executive	
Andy Gregson	Independent Non-Executive	
Alex Shapland	Independent Non-Executive	
Isla Macleod	Independent Non-Executive	(Appointed to the Board on 30 January 2024)
Anthony A. Ogunranti	Non-Executive	(Appointed to the Board on 27 February 2025)
Udu Ovbiagele	Chief Executive	

None of the Directors who held office at the end of the financial year had any direct or indirect interest in the shares of the Bank except below:

The following Directors held indirect interests in the Bank shares via their associations with the Parent entity:

- Mr. Jim Ovia is the founder, and a significant shareholder (16.182% ownership)
- Dr. Ebenezer Onyeagwu is a shareholder (0.287% ownership)
- Dame (Dr.) Adaora Umeoji is the Zenith Group CEO and MD and a shareholder (0.293% ownership)
- Mr. Anthony Ogunranti is a shareholder (0.022% ownership)
- Mr. Udu Ovbiagele is a shareholder (less than 0.001% ownership)

Directors' Report (continued)

Future Prospects and Going Concern

The Bank's business activities, together with the factors likely to affect its future development and position alongside disclosures regarding Financial Risk Management, are set out in the Strategic Report.

The Directors have assessed the impact of geopolitical tensions—including the Russia-Ukraine war, Middle East conflicts, and South China Sea disputes—along with high interest rates, rising energy costs, supply chain disruptions, and U.S. tariffs on China, and are satisfied that there is no material uncertainty that precludes the Bank from continuing in business and confirm there are no plans to terminate the Bank's operations or significantly curtail its activities.

The Directors have reviewed the Bank's profitability, capital, and liquidity positions. Zenith UK's capital and liquidity ratios as at 31 December 2024 exceeded the minimum regulatory requirements. The Directors will continue to exercise effective oversight of the Bank's operations to ensure that the Bank maintains strong capital and liquidity positions.

The Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Bank's financial statements.

Please refer to *2025 Outlook* section under Strategic Report for disclosures on the Bank's future prospects.

Employees

The Bank remains committed to investing in the development of its employees for the purpose of disseminating information on matters of interest to them and are consulted regularly to obtain their views, especially on matters that involve decisions that are likely to affect them.

The Bank recognises its corporate social responsibility and statutory duty as an equal-opportunities employer and builds its business in the belief that people from different cultures and different walks of life create value. The Bank believes it has the right mix of people and the fusion of different ideas that provide the essential components for progress and success. The Bank also seeks to ensure that employees continue to deliver the core values, which are embedded in the culture of the organisation.

A commitment to Diversity, Equality, and Inclusion ("DEI") helps the Bank to attract and retain talented staff. The Bank supports employee growth and development through training and development programs. These initiatives help employees build the necessary knowledge, skills, and competencies to deliver quality services to customers and stakeholders.

Customers

As set out in the Strategic Report, the Bank maintains close contact with its clients. A team of experienced Relationship Managers interacts with the Bank's customers regularly to ensure that views and perspectives are taken into consideration in developing the Bank's business strategy. In addition, the Bank complies with the Financial Conduct Authority's Consumer Duty and Treating Customers Fairly rules.

Investor

The Bank has one shareholder, Zenith Bank Plc. The investor, Zenith Bank Plc, is represented on the Board of ZBUK with up to two Non-Executive members.

All views expressed are deliberated upon by the Bank's Board and decisions reached are approved for execution and implementation by Executive Management. The ultimate responsibility for decision-making rests with the Bank's Board of Directors. Quarterly Board meetings as well as two Board Committee strategy meetings are held to strengthen this oversight and governance responsibility.

Third-party indemnities

The Articles of the Bank provide, as far as permitted by relevant legislation, that the Bank may indemnify a director against any liability incurred by or attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to the Bank, other than any liability to the Bank or any liability referred to in Sections 243 (3) of the Companies Act 2006, any liability incurred by or attaching to them in connection with the Bank in its capacity as a trustee of an occupational pension scheme and any liability incurred by or attached to them in the actual or purported execution and/or discharge of their duties or the exercise or purported exercise of their powers. This third-party indemnity was in force during the financial year and up to the date of signing the financial statements.

Directors' Report (continued)

Independent auditor

The independent auditor, MHA, has indicated their willingness to continue in office, and a resolution for its reappointment will be proposed at the Annual General Meeting, in accordance with section 487 of the Companies Act 2006.

Other information

An indication of likely future developments in the business and particulars of significant events, which have occurred since the end of the financial year, has been included in the Strategic Report.

Subsequent Events

As disclosed above, the Directors confirm that there are no significant events since 31 December 2024 that require disclosure or adjusting in the financial statements.

Approved by the Board of Directors on 14 March 2025 and signed on its behalf by:

Udu Ovbiagele
Chief Executive Officer

14 March 2025

Company Registration No. 05713749

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- as far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors on 14 March 2025 and signed on its behalf by:

Udu Ovbiagele
Chief Executive Officer

14 March 2025

Company Registration No. 05713749

Strategic Report

Overview

Zenith Bank (UK) Limited ("Bank," "ZBUK," "Zenith UK") reported a Profit Before Tax (PBT) of US$ 56.3 million and Total Comprehensive Income of US$ 46.1 million for the year ended 31 December 2024 (2023: US$ 72.8 million and US$ 66.2 million respectively).

Compared to the previous year, the Bank's financial performance was driven by a marginal increase in interest income which was offset by a more significant rise in funding costs and operating expenses. This resulted in a decline of 23% (or US$ 16.5 million) in PBT compared to that of the previous year.

The results reflect the Bank's resilience amid inflationary pressures, business expansion, evolving funding strategies, and continued investments in technology. The performance was underpinned by proactive balance sheet management and strategic funding diversification. The Bank's robust balance sheet and small size of default loans signify a resilient financial position and effective risk management practices.

Net Interest Income

Net interest income declined from US$ 95.7 million to US$ 80.4 million (or 16%), primarily driven by lower asset yields and a decline in the asset base. Growth in non-group lending partially mitigated this decline, while bond holdings were strategically reduced to optimise portfolio returns.

Interest income increased marginally by 2% to US$ 150.5 million (2023: US$ 147.5 million), reflecting reduced growth in interest-earning assets. However, interest expense rose significantly by 35% to US$ 70.1 million (2023: US$ 51.8 million), reflecting the financial impact of the Bank's strategic shift towards more expensive short-term funding. This realignment was part of broader efforts to diversify the deposit mix, mitigate concentration risks, and bolster liquidity resilience.

Non-Interest Income

Fee and commission income declined from US$ 10.4 million to US$ 9.7 million, by 7%, primarily due to lower transactional volumes and trade flows, which were driven by subdued market activities, persistent foreign currency paucity in Nigeria (ZBUK's core market) and shifts in customer behaviour. However, trading, and other income rose by 30% to US$ 4.0 million (2023: US$ 3.0 million), supported by improved foreign exchange activities and clients' increased appetite for fixed income securities trading.

Operating Expenses

Total operating expenses rose from US$ 32.6 million to US$ 37.3 million, primarily due to inflationary pressures and an increase in headcount. Personnel expenses grew by 6% to US$ 23.7 million (2023: US$ 22.4 million), reflecting competitive wage adjustments and talent acquisition.

Additionally, other operating expenses increased by 37% to US$ 11.8 million (2023: US$ 8.6 million), driven by business costs associated with establishing the Zenith UK Paris Branch as well as by heightened investments in technology. The IT expenditures are aligned with the Zenith Group's broader digital transformation strategy, aimed at enhancing operational efficiency and service delivery.

Other items

The Bank recognised a net credit of US$ 8.2 million (2023: US$ 0.8 million net charge) from its estimation of expected credit losses mainly due to the adoption of a more comprehensive credit risk assessment methodology that incorporates the value of collateral assets received for some of its exposures.

The Bank recorded a loss of US$ 7.5 million from the debt restructuring programme undertaken by the Ghanaian Government during the year (2023: Nil). In the prior year, Expected Credit Loss ("ECL") allowance of US$ 8.4 million was recorded in the Bank's books under Stage 3. Following the restructuring, ECL allowance of US$ 5.0 million has been reassessed on the new instruments under Stage 2 including a Post Model Adjustment ("PMA") to account for relevant factors.

Ghana's debt restructuring program, launched in December 2022, covers both domestic and external debt, including the restructuring of US$ 13 billion in international debt. The domestic debt exchange allowed bondholders to swap existing bonds for new ones with lower coupons and extended maturities, targeting a 55% Debt-to-GDP ratio.

Strategic Report (continued)

In June 2024, Ghana reached a US$ 2.8 billion debt relief agreement under the G20 Common Framework, reallocating resources toward economic recovery. By October 2024, over 90% of bondholders had approved the restructuring plan.

Like other investors with exposure to Ghanaian debt, ZBUK was impacted requiring asset valuation adjustments.

Liquidity and Asset Composition

The Group's total assets stood at US$ 2,649 million, reflecting a marginal decline from the prior year (2023: US$ 2,660 million).

Cash and cash equivalents increased by 74% to US$ 480 million (2023: US$ 276 million), reinforcing a stronger liquidity position as part of proactive balance sheet management. However, securities measured at fair value through other comprehensive income declined from US$ 1,662 million to US$ 1,373 million, reflecting portfolio rebalancing in response to the changes in the Bank's liquidity management and funding strategy.

Net Loans and advances to Banks and Customers grew by 10% (or US$ 49 million) to US$ 556 million (2023: US$ 507 million), demonstrating increased lending activities to support the Bank's growth objectives.

Liability and Funding Strategy

Total liabilities stood at US$ 2,267 million, reflecting a decrease from the prior year (2023: US$ 2,324 million).

Deposits from customers declined by 12% to US$ 871 million (2023: US$ 986 million), reflecting strategic efforts to diversify the funding base and reduce reliance on concentrated deposit sources. Repurchase agreements and other secured borrowings increased significantly to US$ 88 million (2023: US$ 46 million), indicating a shift towards alternative funding sources to enhance liquidity and risk management.

Equity and Capital Position

The Group's equity base strengthened to US$ 382 million (2023: US$ 336 million), primarily driven by an increase in retained earnings of US$ 42 million from US$ 204 million to US$ 246 million.

In light of the Bank's strategic objectives, the Directors decided not to declare a dividend payment from the distributable profits. This decision is intended to bolster the Bank's retained earnings, providing a solid foundation for its international expansion plans, particularly the growth and development of its Paris branch.

This growth underscores the Bank's ability to generate sustainable profits while reinforcing its financial fundamentals to support long-term strategic objectives and regulatory capital requirements.

Business Model

The Bank markets and offers a range of Banking products and services to its target clients, which are Sub-Saharan African companies, international corporations, commodity traders, investment Banks, institutional investors, governments, and supranational organisations as well as High Net worth Individuals ("HNIs").

Zenith UK's product offerings and reliable services are aimed at enhancing clients' experience and creating convenient banking arrangements for its clients. Products and services are delivered through differentiated services, which reflect the Bank's in-depth understanding of its clients' business needs, proven knowledge of several African markets and efficient execution of transactions.

The Bank generates revenues through the provision of credit facilities to corporate customers and HNIs, participating in revolving credit facilities, investment mortgages, trade finance facilities and risk participation lending, infrastructure and project financing, and football receivables financing. On a proprietary level, the Bank also invests in Eurobonds and securities issued by governments and Banks, and on a customer level, processes Letters of Credit and related trade services and payments. Its clients include members of the Zenith Bank Group, corporates, small and medium scale organisations, financial institutions, banks, and individuals (Wealth Management clients).

Strategic Report (continued)

The Bank's core target markets and business/service lines have remained unchanged since prior year and are as follows:

Target Markets	Service/ Business Lines
Zenith Bank Group	Trade Finance and Correspondent Banking
Corporates	Trade, Working Capital, Project Financing and Receivables Financing
Sub-Saharan Africa and Europe	Foreign Exchange ("FX") and Fixed Income Securities Trading activities
Banks, Financial Institutions, Governments and Government Agencies	Lending to Financial Institutions, Forfaiting and Cash Management solutions
High Net Worth Individuals ("HNIs")	Investment mortgages, Deposits and Eurobond trading

International expansion

Zenith Bank (UK) Dubai Operations

Zenith Dubai operations are managed as an integral part of Zenith London activities. It facilitates trade and investment through the London office. All transactions introduced by the Dubai office are recorded in the books of the London operations as it does not have separate assets, liabilities, or equity.

Zenith Bank (UK) Paris Branch

To support Zenith Group's strategy of extending its global footprints, ZBUK has set up a Branch in France. The Zenith Paris Branch is primarily funded by share capital, which was wholly subscribed to ZBUK. The Branch targets the French market and is intended to create opportunities for the Group to access Francophone African markets.

The Zenith Paris Branch will provide products and services through Trade Finance, Treasury and Corporate lending activities to complement the existing offerings of Zenith Bank UK to its clients including those having business interest in Europe.

2024 Business Review

The Bank's financial results and explanatory notes are set out on pages 41 to 115.

Highlights of these are presented below as follows:

- Operating Income: US$ 85.3m (2023: US$ 106.2m), made up of:
  - Net interest income US$ 80.3m (2023: US$ 95.7m)
  - Non-interest income US$ 5.0m (2023: US$ 10.5m)
- Impairment Credit/(Charge): US$ 8.2m (2023: US$ -0.8m)
- Profit Before Tax: US$ 56.3m (2023: US$ 72.8m)
- Profit After Tax: US$ 42.2m (2023: US$ 54.8m)
- Cost to Income Ratio (excluding credit losses): 43.7% (2023: 30.7%)
- Return on Equity: 11% (2023: 16%)
- Return on Assets: 1.6% (2023: 1.9%)

Zenith Bank (UK) Limited reported Profit Before Tax ("PBT") of US$ 56.3m, which was supported by strong Net Interest and Non-interest earnings. The performance reflects a decline of US$ 16.5m (or 23%) compared to 2023's results and is mainly attributable to the impact of reduced asset yields, comparative reduction in trade flows as well as the prolonged impact of high interest rates on funding costs. During the year, the Bank also recorded significant loss on its restructured exposures with the Ghanaian Government.

Net Interest Income ("NII") closed at US$ 80.3m, comprising stable interest income of US$ 150.5m (2023: US$ 147.5m) and interest expense totalling US$ 70.1m (2023: US$ 51.8m). The US$ 15.3m (16%) year-on-year decline in NII is attributable to the increase in interest expense and reflects the Bank's strategic decision to shift its deposit mix toward longer-term, more stable deposits. This move supports planned business growth and addresses funding base concentration risks.

Strategic Report (continued)

Non-interest income grew as the Bank continued to drive efforts towards generating fee-based and commission-based income. Whilst Fee and Commission income dropped slightly from US$ 10.4m in 2023 to US$ 9.7m in 2024, Trading and Other income increased by US$ 0.9m (30%) to close at US$ 4.0m in 2024.

Earnings generated from trade finance activities, which account for a substantial part of the Fees and Commissions declined in 2024 compared to 2023, mainly due to reduced trade flows as a consequence of the lingering but reducing effect of Foreign currency ("FX") paucity in Nigeria from which a significant proportion of trade finance business is sourced. However, Fixed Income Securities and Foreign Currency (FX) trading results improved due to increased volumes that are directly related to the Bank's efforts, clients increased appetite and shifting preference due to expectations of further interest rate cuts.

Overall Operating income earned during the year totalled US$ 85.3m (2023: US$ 106.2m).

Employee related expenses increased from US$ 22.4m in 2023 to US$ 23.7m, reflecting inflation-driven adjustments to salaries and the impact of workforce expansion in line with the Bank's growth strategy. Personnel costs also include those for employees of the Zenith Paris branch, which commenced operations in November 2024. The new branch is expected to incur more personnel and operating costs in 2025 and beyond as it scales its operations and operates for full financial years.

Other operational costs (including depreciation and amortisation charges) increased from US$ 10.2m in 2023 to US$ 13.5m in 2024 mainly due to increased IT investment costs required to scale operations, ensure regulatory compliance, and drive the Bank's digital strategy. The increase is also due to incremental business costs associated with the establishment of the Zenith Paris branch.

The Bank's Cost-to-Income Ratio ("CIR") was 45.9% for the year (2023: 30.7%).

The Bank recognised a net write-back adjustment of US$ 8.2m on Expected Credit Losses ("ECL") for the year. This adjustment arose from the adoption of an enhanced ECL methodology, which incorporates significant changes in the assessment of credit risk.

Specifically, the revised methodology reflects a more accurate application of collateral valuations against credit Loss Given Default (LGD). This refinement enables the Bank to better account for the mitigating effects of collateral on potential credit losses, resulting in a more precise measurement of ECL.

The adoption of this enhanced methodology aligns with the Bank's ongoing efforts to refine its credit risk management practices and improve its compliance with the requirements of IFRS 9.

During 2024, the Bank recognised losses of US$ 7.5m on its exposures to Ghana due to the debt restructuring exercise undertaken by the Ghanaian Government. The Bank accepted a significant haircut on the outstanding exposures in addition to adjustments required to determine the fair value of the instruments issued in replacement for the original defaulted debts.

Total Assets closed at US$ 2,649m, indicating a marginal decline of US$ 11m (0.4%) which is related to the Bank's strategic initiatives regarding changes to the Bank's deposit mix as explained above. Total assets thus reflect the combined effects of net reduction in Deposits from Banks and Customers of US$ 112m (5%), as well as the incremental impact of alternative sources of liquidity through the repurchase agreement ("Repo") totalling US$ 43.0m and of the organic growth in retained earnings.

ZBUK's focus on core lending activities resulted in an increase in corporate loans, which grew from US$ 514m in 2023 to US$ 560m in 2024, supported by the emphasis on growth-oriented sectors and the Bank's ability to capitalise on opportunities in its core markets.

The Bank's financial position remains resilient, demonstrating robust liquidity and good asset quality with Non-Performing Loans (NPL) ratio of less than 1%.

The Bank achieved Return on Equity ("ROE") and Return on Assets ("ROA") of 10.7% and 1.5% respectively in 2024 (2023: 16.3% and 1.9% respectively).

Strategic Report (continued)

Operating Environment

The Bank's strategy is mainly influenced by the geographic diversity of its exposures and associated risks. With a presence in multiple countries, ZBUK has significant exposures in the USA and UK, primarily through High-Quality Liquid Assets ("HQLA") held for liquidity management and regulatory compliance. The Bank is exposed to Nigeria, Sub-Saharan Africa ("SSA") and others through its core business and lending activities.

The distinct economic conditions in each jurisdiction impact the Bank's risk management practices and business operations, requiring tailored approaches to mitigate risks and capitalise on opportunities.

The Directors believe that the Bank's business, operations, and profitability are more likely to be impacted by changes in the economies of these identified jurisdictions than by those of other countries to which the Bank is also exposed. Consequently, monitoring socio-political and economic changes in these key markets is considered crucial for the Bank to adapt its risk management strategies effectively.

US Dollars is regarded as the functional and presentational currency of the Bank.

ZBUK's balance sheet comprises c.78% of assets which are denominated in US Dollars (2023: c.79%). Consequently, the Bank is subject to interest and exchange rate risks and volatility that are associated with US Dollars.

The Bank is domiciled in the United Kingdom and is regulated by the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA"). Additionally, ZBUK is exposed to GBP Sterling exchange rate risks and volatilities because it incurs a significant portion of its operating costs in GBP Sterling.

Nigeria remains a core market to ZBUK, as it accounts for a significant proportion of the Trade Finance business which derives from Zenith Bank Plc, the Parent entity and other members of the Zenith Group. Furthermore, ZBUK holds investments in some of the instruments issued by the Nigerian Government and the Central Bank of Nigeria, respectively. Although Nigeria is the Bank's core market, ZBUK is not directly impacted to exchange rate volatility of the Naira due to immateriality of Naira- denominated exposures of the Bank.

The Bank monitors the socio-political and economic changes in these countries and adopts the appropriate risk management responses to the operational, conduct, capital, liquidity, asset quality, and profitability implications, respectively.

Business Structure

Zenith Bank (UK) Limited conducts its business activities through its Treasury, Corporate Banking, Financial Institutions, Multinationals and Wealth Management Business Units, respectively. The Corporate Banking business is subdivided into the UK, Dubai, and Paris branches. The Dubai and Paris operations are regulated by Dubai Financial Services Authority ("DFSA") and *Autorité de Contrôle Prudentiel et de Résolution* ("ACPR") respectively.

The Bank's Treasury function ("Treasury") manages the firm's liquidity, capital, and net open positions. Treasury also manages activities associated with ZBUK's Investments and Fixed Income Securities and foreign currency trading.

Each Business Unit ("BU") has assigned revenue generation and business development responsibilities. Collectively, the BUs are responsible for promoting cross-selling opportunities of the Bank's offerings and services.

The mix of operating income generated by BUs is presented below:

Treasury	68% (2023: 71%)
Corporate Banking (including Dubai Operations)	21% (2023: 8%)
Financial Institutions	17% (2023: 11%)
Multinational	<1% (2023: 10%)
Wealth Management	<1% (2023: <1%)

The Zenith Paris operations commenced in November 2024 and did not have any reported operating income for the year under review.

The Bank's business structure, with diverse units including Corporate Banking, Treasury, and Wealth Management, highlights its approach to revenue generation and financial services. The Treasury function's significant contribution to the operating income underscores the importance of liquidity and capital management in the Bank's overall strategy.

Strategic Report (continued)

Strategy

The Bank's strategy for delivering its business model involves the following combination of activities:

- Leveraging the strength of the Zenith brand and focusing on longstanding and new relationships from Sub-Saharan Africa ("SSA") and other parts of the world to drive international business network expansion to support long term growth.
- Maintaining a robust risk management framework, regulatory compliance, and corporate governance structure to conduct its business responsibly within tolerable risk levels.
- Utilising the Zenith Group's in-depth understanding of specific trade and correspondent business to develop its relationships with banks and financial institutions in the West African sub-region and encouraging them to route their transactions through Zenith UK.
- Developing lending activities on international trade and export transactions, including discounting trade bills for companies, and providing short-term credits to financial institutions.
- Building upon SSA knowledge and extending treasury product offerings to meet the needs of clients that require comprehensive services (including foreign currency exchange to financial and corporate institutions, and SSA bond trade offering to Institutional and Wealth Management clients)
- Promoting cross-selling of products and services by the Bank's business units: enabling client acquisition growth, creating capital capacity for trade finance activities, and efficiently managing the Bank's liquidity. This also involves offering wealth management solutions to High-Net-Worth Individuals ("HNIs") and ultimate beneficial owners ("UBOs") of large institutions. Activities such as making marketing calls, visits (where practicable) and introduction of key customers to other business units within the Bank are also adopted in these efforts.

The Bank seeks to ensure that its portfolio of assets is well-diversified across industries and geographies.

Principal Risks

The Business and Operational risks are managed through the implementation of its Enterprise Risk Management Framework ("ERMF") and supported by a conservative risk culture. The Bank's risk management structure includes established processes of compiling and reporting against key risk indicators that provide an early warning system for the Bank's Principal Risks.

The Bank's risk management model adopts the "three lines of defence" approach. The first line of defence comprises the revenue-generating and client-facing units. This group is responsible for establishing and managing controls and escalating risk events, when they occur, to the second line of defence. The second line of defence comprise Risk and Compliance functions. The third line comprises the Internal Audit function, which provides independent assurance to the Executive Committee and Board on the effectiveness of governance, risk management and controls, in response to current and emerging risks to the Bank's business.

Management of risk is embedded into each level of the business with mitigating control activities documented to ensure that everyone within the Bank takes part in the responsibility for identifying, managing, and controlling risks. The Bank's Risk Appetite Statement ("RAS") defines the level of risk that ZBUK is prepared to accept across the risk spectrum. The RAS is key to decision-making processes as it informs financial planning, strategy formulation, development of new products and changes to business initiatives.

Zenith UK's RAS sets out quantitative metrics that cover capital, credit, operational, market and liquidity risk, respectively. The Board receives regular information in respect of the Bank's risk profile. New and emerging risks are also identified and evaluated as part of strategy development and horizon scanning. Where these are considered significant to the Bank, appropriate metrics are defined for measuring and monitoring them. The Risk Management Department is responsible for identifying, monitoring, and reporting these risks at different Executive and Board Committees for deliberation and action as considered necessary. Capital and liquidity requirements are managed through detailed planning and stress assumptions contained in the Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process("ILAAP") documents. These are updated regularly by the Bank's Executives and reviewed by the Board Risk Committee.

The Bank produces its Recovery Plan and Resolution Pack, with appropriate triggers for specific management actions for each stressed scenario considered plausible.

Strategic Report (continued)

The Bank's structure and governance support it in managing risks associated with changes in the economic, political and market environments. The following Principal Risks are defined within the Bank's Risk Framework:

Principal Risks	Definition	How Risks are Mitigated and Managed
Credit Risk	Risk arising from the uncertainty of an obligor's ability to perform its contractual obligations including the risk of default or a borrower failing to make required payments when they fall due. The Bank is exposed to credit risks not only through its direct lending activities and transactions but also through commitments to extend credit, letters of guarantee, letters of credit, securities purchased and other derivative instruments where counterparties owe a financial obligation to the Bank.	All credit related processes and limits are governed by the Bank's credit policy. The Credit RAS and Key Risk Indicators are reported to the Executive & the Board Risk Committee (BRC). Client relationship managers ensure that the procedures adopted for handling credit applications, reviews, and monitoring at the first line of defence are aligned with the credit policy. The Bank's Credit Risk team monitors all the Bank's credit exposures and limits, independently ensuring that the Bank is operating within limits at all times. The Credit Risk team provides an independent analysis of each client's business, financial, management and security risk to analyse and rate counterparty risks to which the Bank is exposed. The analysis and internal scorecards produced for the Credit Committee provide information regarding the risk rating of counterparties and expected credit losses (ECL) in the event of any default. The Credit Risk team also monitors the quality and value of security or collateral provided against credit exposures. Three distinct levels of review and approval process exist at the Bank and Group levels for all credit requests and reviews. Additionally, Board approvals are required for larger credit requests. Where the Bank uses credit risk mitigation techniques, it often takes guarantees/letter of credit provided by investment-grade financial institutions or cash collateral. The Bank avoids credit risk concentrations beyond the approved concentration risk appetite, assessments at a counterparty, industry, and country level so that the Bank's capital is appropriately diversified.
Market Risk	This is the risk that changes in financial market prices, interest rates, and exchange rates will adversely impact the Bank's financial performance and position.	All Market risk related processes are governed by the Bank's Market & Liquidity Risk policy which is approved by the Board. Risk Management monitors the Bank's overall positions against approved limits daily and reconciles the aggregate position separately to each dealer's positions. Daily Market Risk reports that detail the profile of risks are reported to the Bank's Asset & Liability Committee (ALCO) and weekly discussions of the portfolio performance take place at the weekly Market Risk Committee (MRC). The Market RAS and Market Risk Key Risk Indicators are reported to the BRC on a quarterly basis. Significant market risk matters or breaches of RAS are escalated to the BRC with remediation plans provided by the Executive Committee (EXCO). The Bank adopts a risk-based approach to establishing settlement limits with counterparties, which is monitored daily by Market Risk with weekly discussions at MRC.

Strategic Report (continued)

Principal Risks	Definition	How Risks are Mitigated and Managed
		The Bank's Interest Rate Risk in the Banking Book (IRRBB) Framework is based on the nine underlying Basel principles. The Board has approved a capital investment strategy to invest capital evenly over a five-year period in fixed rate loans and bonds. Interest Rate risk is monitored at ALCO meetings. The Bank's ALCO meets weekly to monitor changes in interest rates in various currencies arising from gaps in the future dates of the repricing of assets, liabilities, and derivative instruments. The foreign currency position is managed by the Bank's Treasury Department, which operates within defined foreign exchange limits set by the BRC and monitored by ALCO. Customer positions are usually matched with the market, with deals agreed and covered before execution. The overall position is monitored by the Risk Management department throughout the day.
Liquidity Risk	This is the risk that the Bank could encounter difficulty in realising assets to meet commitments associated with its liabilities or financial obligations.	All Liquidity risk related processes are governed by the Bank's Market and Liquidity Risk policy which is approved by the Board. Daily Stress tests are conducted on critical ratios of the Bank. A range of approaches is used to monitor, report on and conduct stress tests on the Bank's liquidity position. The Bank also monitors Early Warning Indicators (EWIs) and reports remedial actions where necessary to the BRC. The ALCO and the Risk department review daily reports on the Bank's liquidity to provide effective challenge and oversight. If a RAS threshold is breached or in anticipation of a stress event, recommendations along with appropriate actions are escalated to the BRC. Additionally, the Bank's ILAAP ensures that severe but plausible scenarios that may impact the Bank's liquidity are considered, and appropriate Board and Management actions are also identified. A Contingency Funding Plan (CFP) is included in the Recovery Plan. The Bank maintains a high proportion of its High-Quality Liquid Assets (HQLA) investments in the form of investments in US Treasury bills and UK Gilts. The Bank maintains nostro balances, invests in short term money market deposits and holds non-HQLA bonds available for sale. This mix of liquid assets provides readily available cash, along with both saleable bonds that can easily be repurchased to meet outflow needs. Periodic 'fire drill' tests of recovery plans are performed to ensure plans are appropriate and staff are prepared to activate them if the need arises.
Capital Risk	This is the risk that the Bank may not have sufficient capital to absorb losses, meet regulatory requirements or sustain its operations during periods of financial stress due to one or a combination of factors such as poor financial performance, excessive risk-taking, unexpected losses, or adverse change in market conditions.	The Bank monitors its capital adequacy ratio (CAR) on a daily basis. These ratios are discussed on a weekly basis at the ALCO meeting and quarterly reports are presented to the Board through the Board Risk Committee. Daily, ad hoc, and annual stress tests are conducted on the Bank's capital to simulate adverse and plausible scenarios, in order to assess their impact.

Strategic Report (continued)

Principal Risks	Definition	How Risks are Mitigated and Managed
		Risk Weighted Assets are tracked daily and presented as part of the Bank's monthly performance review to ensure alignment with capital requirements and set targets. On an annual basis, the Bank conducts the ICAAP to measure and align capital with the Bank's risk profile and business strategy. The Bank actively pursues a strategy of diversification across its business, products, and the geographies within which it operates. Forward-looking plans that incorporate capital requirements, projections based on business growth, market conditions and regulatory changes are produced for review by the Bank's Senior Management and Board, respectively. The Bank's Senior Management ensures adherence to the Board-approved Risk Appetite, to ensure alignment with capital adequacy requirement goals.
Operational Risk	This is the risk of loss resulting from inadequate or failed internal processes, human behaviour, and systems, or from external event.	All Operational Risk related processes are governed by the Bank's Operational Risk policy which is approved by the Bank's Board. The policy sets out the Bank's approach to identifying, assessing, managing, reporting, and resolving the operational risk inherent in all products, activities, processes, and systems across the Bank. The Management team overseas the implementation of the Bank's Operational Risks by establishing operational risk procedures and internal controls that include mitigating activities designed to identify, manage, and control risk at each business or operational process level. Operational risk is therefore managed by all employees and departments and is controlled through individual accountability. Internal controls are embedded in the Bank's day-to-day business and processes, which are designed to ensure (to the extent possible) that the Bank's activities are efficient, effective, and not prone to failure. The Operational risk team sample-tests entity and process level controls. It also supports staff across the Bank to ensure that controls are operating effectively. The controls are designed to ensure that the Bank complies with applicable laws and regulations through the various functional departments. The Board and Management also mitigate operational risk through the following: ● Recruiting experienced professional and qualified staff. ● Engaging risk management experts to ensure processes remain robust. The Bank's aim is to minimise operational risk in a cost-effective way, setting Board-approved Risk Appetite Statement limits, ensuring internal policies and processes support this, and monitoring a range of Key Risk Indicators (KRIs) as early warning signals.

Strategic Report (continued)

Principal Risks	Definition	How Risks are Mitigated and Managed
		Other key operational risk mitigants include: ● procedure documents; ● staff supervision, coaching discussions and regular staff training and online tests; ● monitoring of customer and employee activity; ● internal audits; ● weekly and monthly KRIs to EXCO including customer complaints. The Bank's Internal Audit function provides assurance to the Board and Executive Management regarding the effectiveness of the Bank's operations and its general IT controls.

Other Principal Operational Risk include:

Principal Risk	Definition	How Risks are Mitigated and Managed
Project Delivery Risk	This is the risk that the Bank will encounter delays, cost overruns or failures to meet the objectives of its projects, including technology upgrades, new product launches and regulatory compliance initiatives. This risk could arise due to inadequate planning, resource constraints, scope changes, dependencies on third party vendors or unforeseen technical challenges	On a weekly basis, reports regarding the status of critical projects are presented, reviewed, and tracked for performance. The Bank's IT Steering Committee regularly reviews and identifies projects that are at risk and implements remediation plans to get these back on track. ZBUK promotes a culture of open communications with stakeholders to ensure alignment with objectives, timelines, and expectations in order to minimise misunderstandings and resistance. The Bank has instituted a change management process which is overseen by a Change Advisory Board that is charged with evaluating changes and approving scope changes and changes to systems. The Bank monitors the Service Level Agreements (SLAs) with third parties to ensure that these are effective. Post implementation reviews, including lessons-learned exercises are conducted to evaluate successes and identify areas for improvement and refine processes for future initiatives.
IT Risks	This risk refers to the potential for losses, disruptions, or adverse impact to the Bank due to failures in Information Technology Systems, processes, or governance, including inability to comply with IT-related regulation. It encompasses risks arising from cyber-attack (separately "Cybersecurity Risk"), data breaches, system outages, software bugs or failure in IT infrastructure (linked to Hardware failures or outdated technology) as well as risks related to vendor-provided IT services, cloud solutions or external technology partnerships, and disaster recovery and business continuity risks.	Senior Management tracks IT incidents (through risk event reporting), cyber threats and near-misses, and discusses these matters at the weekly Executive Committee (EXCO) meeting. A Register of IT Risks as well as Risk heat maps of the likelihood and impact of such risks occurring is maintained and used to shape the Bank's IT strategy and to prioritise management efforts. Critical data is backed up regularly and test recovery procedures and business continuity are conducted to assess the Bank's resilience. The Bank has an established protocol for timely update of software and systems to address vulnerabilities. ZBUK conducts due diligence and risk assessments on IT service providers.

Strategic Report (continued)

Principal Risk	Definition	How Risks are Mitigated and Managed
	Cybersecurity Risk: This is the risk that any technology-based activity, which could defraud clients, distribute illicit material, or compromise the Bank's computers or networks. It includes business disruptions and system failures and system security risks arising from the risk of financial theft, data theft, denial of service, social engineering, account takeover fraud, and reputational risk.	The Bank's Internal Audit function reviews the effectiveness of the Compliance function and reports its findings to the Board and Executive Management. The Board and the Board Risk Committee (BRC) review quarterly reports relating IT matters, including the IT Strategy and Cybersecurity Risk. Where necessary, recommendations are made to the Board for implementation. The overarching approach to cybersecurity is one of industry best practice: ● The Bank has achieved, and is regularly audited, against ISO27001 standards, ● The Chief Information Officer is a qualified security expert and is supported by a well-trained IT team and the Data Protection Officer, ● Information and cybersecurity knowledge is freely shared with ZBPLC and the Bank leverages ZBPLC's expertise and support. The Bank has a 'Security Awareness Program' for staff: ● beginning with mandatory induction and at least annual cybersecurity awareness training sessions, ● quarterly online training and testing are performed to check understanding of threats and processes, ● regular awareness campaigns are publicised in internal posters, intranet, and emails, ● topical regular cyber awareness emails are circulated to staff. Compliance, and the Bank's Data Protection Officer, support IT in data protection: ● In line with internal policies, all data is appropriately classified, ● The Bank has tools and processes to protect against data exfiltration and other data losses. While the Bank has a small retail presence, it strives to robustly protect customers and their funds: ● Brand monitoring detects, tracks, and shuts down potential spoofing sites pretending to be ZBUK, ● Two-factor authentication is deployed for all online banking customer logons, ● 24-hour support is available to respond quickly to disable lost or stolen debit cards.

Strategic Report (continued)

Principal Risk	Definition	How Risks are Mitigated and Managed
		The Bank IT Security strategy incorporates multiple security controls that seek to reduce the impact of a direct attack on its IT systems and customer data. Internal internet 'firewalls' are employed to protect the Bank's system from rogue attacks. The Bank's external and internal electronic security and firewalls are tested by various periodic internal and external penetration tests.
People Risk	This refers to the potential for adverse outcomes from issues related to employees, contractors or third-party personnel that can impact ZBUK's operations, reputation, or financial performance. It encompasses a wide range of factors including recruitment challenges, workforce turnover, skills shortage, health and safety concerns and employee misconduct (covered separately under "Regulatory and Conduct Risks"),	The Bank has an Employee Handbook and managing one team booklet which provides governance around various aspects of People Risks. ZBUK promotes a culture of diversity, equity, and inclusiveness, and obtains independent evaluation of its effectiveness with this work-place initiative, among other matters. The Bank encourages openness and creates a conducive environment for employees to report issues confidentially in efforts to foster trust and transparency. ZBUK has institutionalised regular training, which covering compliance, ethics, market conduct and other work-related matters for all employees. Staff are encouraged to set their professional development plan (PDP) for the year. The Board oversees the succession planning arrangement that has been embedded into the Bank's organisational structure and work culture, to retain talent and prevent or mitigate risks of key personnel losses due to sicknesses or death in service. The Board Remuneration & Appointment Committee (RAC) reviews quarterly reports relating to employee-related matters (including actions taken to address issues). Where additional actions are required, the Committee recommends such to the Board for implementation. The staff are actively engaged in Strategy sessions at the beginning of the year, which enables to align their goals to the Bank's goals and thereafter in mid-year to ascertain progress and if any path corrections identified. Rigorous processes & controls are in place to ensure personal data remains secure.
Regulatory and Conduct Risk	These are risks that could arise from any or a combination of the following: • Inappropriate or non-application of anti-money laundering procedures. • Unsatisfactory response to regulatory/ legal compliance directives. • Market Malpractice.	The Bank employs a three-lines-of defence framework. Line Management (First Line of Defence) takes responsibility for ensuring compliance with procedures and regulations. Compliance Department (Second Line of Defence) provides independent oversight, monitoring, and guidance. Internal Audit (Third Line of Defence) conducts regular independent audits, and reviews to assess governance and compliance effectiveness, and reports to the Board and Executive Management for necessary action.

Strategic Report (continued)

Principal Risk	Definition	How Risks are Mitigated and Managed
	• Poor customer service and non-compliance with consumer duty rules. • Lack of effective Board engagement or oversight. • Staff non-adherence to the Bank's values. • Staff incompetence/inappropriate use of confidential information. • Lack of robust product development process.	The Bank has established a range of controls to mitigate Regulatory and Conduct risk: • Frequent testing of controls to ensure effectiveness • Monitoring of customer activities by the Compliance Department • Sample checks on client calls to prevent market malpractices • Escalation of exceptions to Executive Management and reporting to the Board Regular training programs are organised for staff to ensure understanding of Conduct risk (including data protection and confidentiality information handling), regulatory matters and compliance procedures. Tests are conducted to assess staff understanding, ensuring a compliant and responsible workforce. The Compliance Department continuously monitors and reviews the Bank's compliance framework, to ensure alignment with regulatory requirements and industry best practices.
Compliance Risk	This is the risk that the Bank or any of its Directors or employees fail to comply with any Regulatory obligation. Weakness in any of the Bank's processes that covers the monitoring of regulatory, policy and documentary developments or inability to strengthen the internal Compliance function can lead to compliance risks.	Annually, the Bank conducts an enterprise-wide assessment of compliance risk which encompasses regulatory policy updates and documentary developments to ensure timely identification and mitigation of emerging compliance risks. This assessment informs the development of monitoring programmes designed to ensure ongoing compliance with policies and procedures across the Bank. Additionally, the Bank's Compliance function provides ongoing oversight and assurance of compliance with policies and procedures. Board and Executive Management reviews and promotes awareness and accountability for compliance matters. Independent review and assurance are undertaken by Internal Audit function to provide objective evaluation and reporting on Compliance function effectiveness. Findings and recommendations from Internal Audit are reported to the Board and Executive Management, to facilitate prompt resolution of any compliance gaps or weaknesses.

Environmental Risk

At Zenith Bank, we recognise that the long-term success of our Bank is inextricably linked with the impact and value we create in the society where we operate. We understand the impact of our operations on the environment and consider the potential environmental and social impacts when making business decisions and when managing our resources and infrastructure. Consequently, we have made efforts to track the Bank's carbon footprint whilst adopting measures to reduce our greenhouse gas emissions.

The immediate financial risk arising from climate and environmental impact is considered to be low. There are, however, medium to longer term considerations that management is mindful of and the Bank's efforts to diversify the loan portfolio support continuing risk mitigation efforts in this regard.

Strategic Report (continued)

As ZBUK develops a deeper understanding of our client exposures to climate related financial risks, appropriate stress testing, where applicable, will be developed by the Bank, all of which support the objectives of regulation and the spirit of the Supervisory Statement SS3/19.

Climate Change

The Bank's Climate Related Financial disclosures will continue to evolve over time as we broaden and deepen our analysis and technical capabilities in what will remain a proportionate approach.

Governance and Strategy

The primary responsibility for the oversight of climate issues sits with the BRC, which reports directly to the Board of Directors. The BRC oversees the Bank's approach regarding climate risk and the adoption of regulations relating to Climate Related Financial Risk ("CRFR"). The BRC meets at least four times a year.

Qualitative assessments examine client-specific physical and transitional risks and are supported by further assessment of relative Industry Carbon Intensity Ratings and Geographic Climate Risk Ratings to form a score based, objective measuring and monitoring layer. These assessments are performed by the Bank to monitor its clients for climate related financial risk and report and provision where applicable to ensure compliance with the mandate of Supervisory Statement SS3/19. ZBUK does not deem its portfolio of credit assets are currently susceptible to climate risk as of reporting date.

In combination, these approaches are proving to be administratively sound and proportionate to the Bank's scale of operations.

The Bank's Chief Risk Officer ("CRO") has been nominated the Senior Manager responsible for developing methodologies for measuring and monitoring climate related financial risk. Working with the other members of the management team, the CRO oversees the design, review, and implementation of risk methodologies for the measurement of this risk.

The Bank's CRFR assessment methodology remains unchanged from last year. Based on this methodology, our CRFR portfolio score remains at 1.78, indicating a low risk profile. Per the Bank's methodology, a score of 1 as characterised as low risk, 2 as moderate risk and 3 as high risk. Therefore, the Bank assess that the risk is immaterial. This score is consistent with the Bank's unchanged business strategy and client acquisition approach.

Given the Bank's low CRFR score, it assesses that climate-related risks are unlikely to result in non-performing loans for the Bank in the current period. Consequently, the Bank does not anticipate incurring significant losses due to climate risk at this stage.

The UK is expected to adopt the International Sustainability Standards Board (ISSB) disclosures. As a firm that prepares financial statements under IFRS, the Bank anticipates providing these disclosures in the Annual Report by end of December 2026.

Key assumptions and judgements

The following key assumptions and judgments apply to the Bank's climate risk assessment:

In terms of geographic exposures, Nigeria and SSA are vulnerable to physical climate risks (e.g., flooding, droughts) and transition risks (e.g., policy changes, shifts in global trade flows).

In terms of sectoral exposure, various sectors face unique climate-related risks as indicated below:

- Government: physical and transition risks impacting national budgets and financial stability.
- General Commerce: disruptions from climate-related events and policy changes.
- Oil & Gas: significant transition risks due to global efforts to reduce fossil fuel reliance.
- Transportation: transition risks from adoption of electric vehicles and regulatory changes.
- Manufacturing: transition risks from shifting regulatory environments and physical risks from extreme weather events.
- Real Estate and Construction: transition and physical risks impacting property values and operational costs.

Strategic Report (continued)

The likely impact on credit risk and loan loss provisions is as follows:

- Potential credit rating downgrades for government or corporate exposures in high-risk sectors.
- Adjustments may be necessary to reflect potential future losses associated with climate-related events or economic transition.
- Climate stress tests may need to conducted to assess the impact of physical and transition risks on the portfolio.
- Exposures in high-risk sectors or regions may attract higher risk weights for regulatory capital purposes.

Sub-Saharan Africa and Environment

The Board recognises the Bank's strong connections to Sub- Saharan Africa and Nigeria as a "Home" country and the dependence that many corporates and sovereigns in the region place upon economies driven largely by fossil fuels and other carbon intensive activities. Accordingly, there is a substantial degree of inherent CRFR embedded in the cashflows and operating activities of many of the Bank's borrowers. Consequently, the Board risk appetite is for a relatively high level of CRFR for the foreseeable future, pursuant to the Bank's mission to help businesses transact efficiently, quickly, and profitably throughout Africa, the UK, and the rest of the world. However, per its CRFR methodological assessment the Bank does not determine, at this stage, that it can or will incur any significant level of losses due to climate risk.

Alongside this, the Bank's plan is to grow by diversification of the customer base by investing in assets across a range of risk classes consistently holding a low-risk portfolio of diversified bond holdings. Where it is prudent to do so the Bank will consider CRFR in its decision making although the CRFR that the Board will continue to accept is likely to be relatively high in any case and will be reviewed each year as a part of the annual planning exercise.

In Nigeria, physical climate risks arise from rising sea levels along its long and low coastline in the Niger Delta. The location of much of the nation's oil and gas assets in this area represents an increased exposure to physical risk to these assets.

Transition risks across the region will materialise over the longer term. Economies in Sub-Saharan Africa will need to adapt, given their present heavy reliance on high carbon intensive industries. The adjustment in poorer areas will be particularly challenging on account of the often-limited low carbon alternatives available.

Methodology

The Bank's approach includes a review to determine the degree to which all clients and counterparties transacting with the Bank have approaches in place to manage, and where appropriate, adapt to the impacts of climate change on their businesses and operations.

Assessments of this nature are required for each new credit proposal and for each review of any existing relationship. In 2024, no assets were segregated or treated differently; all lending was assessed on a like for like basis. In this way the Bank is continually refreshing its understanding of the CRFR inherent within the client loan portfolio. This process is now fully embedded and integrated into the Bank's day-to-day lending activities.

Streamlined Energy and Carbon Reporting

The methodology used to calculate ZBUK's GHG emissions is the *'Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard (Revised Edition),'* as defined by the World Resources Institute/World Business Council for Sustainable Development ("WRI/WBCSD"). The Bank adopted the operational control approach on reporting boundaries to define its reporting boundary.

Where the Bank is responsible for utility costs, these emissions are included. For 2024, the Bank has applied the latest emission factors available at the time of reporting.

Scope 1 covers GHG emissions from activities for which the Bank is responsible, including emissions from the direct combustion of fuels and from activities owned or controlled by the Bank that release emissions into the atmosphere. Examples include emissions from combustion in owned or controlled boilers, vehicles etc. The Bank has assessed its Scope 1 emissions during the year to be Nil (2023: Nil).

Strategic Report (continued)

Scope 2 covers GHG emissions from electricity, heat, cooling, and steam purchased for the Bank's use. The Bank is required to report the average emissions of UK grid electricity (location-based), regardless of the tariff the Bank chose to purchase (market-based). The Bank assessed its Scope 2 emissions (location-based) during the year to be 37.03t CO_2 (2023: 35.30t CO_2). These emissions are based on energy consumption of 174,416 kilowatt hour (kWh) (2023: 182,168). This is analysed as 163,916 kWh (2023: 167,335 kWh) for the premises and 10,500 kWh (2023: 14,833 kWh) for the outsourcing of servers. The estimated emissions from renewable sources and green tariffs (market-based) are Nil.

Scope 3 covers indirect emissions from business travel. Business travel for these purposes comprises global flights and ground transport within the UK, Nigeria, Dubai, and France. The Bank has assessed its Scope 3 emissions during the year to be 90.82t CO_2 (2023: 43.69t).

The GHG emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard's recommended methodology for CO_2 GHG emissions. The calculation is based on the following steps:

- Energy consumption data for energy sources, e.g., electricity, fuel, heat from utility bills, meter readings or estimates is aggregated and used to calculate emissions intensity of each energy source using the relevant emission factors which are then multiplied by the energy consumption to determine the total emissions for each energy source.
- Supply chain emissions from suppliers, business travel, customers and employee commuting are aggregated and used to calculate the emissions intensity of each contributor using the relevant emission factors which are then multiplied by the volume of emissions to determine the total emissions for each supplier or customer.

The GHG emissions calculation and reporting are undertaken annually.

The assumptions of the methodology as adopted by the Bank are as follows:

- The Bank's information on business travel (distance, mode, frequency, duration) fairly reflects actual travel patterns, including variations.
- Emissions factors for air travel and ground transportation reasonably reflect specific airlines, routes, fuel types, and regional variations.
- The data collected relating to travels of Directors and staff of the Bank is accurate and be easily sourced. The Directors and staff comply with the Bank's travel policies and report their travel activities.
- The organisational and operational boundaries fairly reflect the complexities of a UK banking organisation with international operations and staff travel.

Based on the nature of the Bank's business, as well as following the recommendation of the SECR legislation, the Bank chose the following intensity metric: Full Time Employees ("FTE") average. The table below shows the trend in the Bank's energy efficiency:

	2024	2023	% Change
Energy consumption used to calculate emissions (kWh)	**174,416**	182,168	-4.3%
Emissions from combustion in owned or controlled boilers, vehicles etc - Scope 1	**–**	–	0.0%
Emissions from purchased electricity (t CO_2) - Scope 2, location-based	**37.03**	35.30	4.9%
Emissions from purchased electricity (t CO_2) - Scope 2, market-based	**–**	–	0.0%
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (t CO_2) - Scope 3	**90.82**	43.69	107.9%
Total gross t CO_2 based on the above (location-based)	**127.85**	78.98	61.9%
Total gross t CO_2 based on the above (market-based)	**90.82**	43.69	107.9%
Intensity ratio (t CO_2 / FTE) - location-based	**0.88**	0.54	61.9%
Intensity ratio (t CO_2 / FTE) - market-based	**0.62**	0.30	107.9%

Strategic Report (continued)

Energy Efficiency Actions Summary

In light of the commitment to sustainability and environmental stewardship, the Bank continues to achieve direct saving in energy and associated carbon emissions, through operational and technological improvements, including:

- Implementation of energy-efficient technologies: Explore the adoption of energy-efficient technologies to reduce the Bank's energy consumption and associated carbon emissions, including installing energy-efficient lighting, heating, and cooling systems.
- Optimisation of transportation: Evaluate strategies to optimise transportation related emissions. Promote alternative commuting option such as remote work arrangements, public transportation or cycling.
- Renewable energy adoption: Investigate opportunities to transition a significant portion of the Bank's electricity supply to renewable sources.
- Employee engagement and awareness: Foster a culture of energy efficiency and sustainability among employees. Educate staff about the importance of reducing energy consumption and carbon emissions and encourage their active participation in energy saving initiatives.

All above are ongoing initiatives for the Bank and no significant change in activities or processes was recorded during the current year.

Key Performance Indicators

The Bank's Management analyses a range of financial measures to ensure that the Bank's strategy is effective. The Chief Executive Officer ("CEO") has overall responsibility for the Bank's performance and is supported by the Executive Committee ("EXCO") members.

Approved financial plans are expressed in annual budgets with metrics to facilitate measurement of performance at different levels within the Bank. Qualitative measures are also adopted to gauge the effectiveness of the Bank's engagement with its stakeholders. Please refer to "Engaging with stakeholders" section for more details.

Some of the financial metrics are adopted as Key Performance Indicators ("KPIs") based on internal targets set by the Bank's Executives as well as those advised by Zenith Bank Group's Head Office. These are as follows:

A. Return on Equity ("ROE"): measures the Bank's ability to generate returns for its shareholder. It is expressed as Profit After Tax as a percentage of the average shareholders' equity during the reporting period. Actual ROE achieved in 2024 was 11.1% (2023: 16.3%). The Bank target for FY2024 ROE was 9.3%.

B. Operating Income: measures the Bank's ability to cover its direct expenses. Operating income earned in 2024 was US$ 85.3m (2023: US$ 106.2m). The target for FY 2024 was US$ 84.3m.

C. Cost-to-Income ("CIR"): expresses operating expenses as a percentage of operating income. This ratio reflects the Bank's efficiency in its use of human and other resources in creating financial value. Generally, a lower ratio indicates relatively higher efficiency. The Bank's CIR target For FY2024 is 45.4%. CIR achieved in 2024 was 43.7% (2023: 30.7%).

D. Return on Assets ("ROA"): measures the Bank's profitability in relation to its total assets. It is expressed as Profit After Tax as a percentage of the average assets during the reporting period. Actual ROA achieved in 2024 was 1.6% (2023: 1.9%). The target for FY 2024 was 1.4%.

Significant Events in 2024

The year witnessed significant global economic, social, and political events which influenced industries, governments, and financial institutions worldwide. The year commenced with the much-anticipated relief from inflationary pressures that had characterised previous years. Central Banks in advanced economies, particularly the US Federal Reserve, the Bank of England, and the European Central Bank, started reducing interest rates, fostering cautious optimism. Interest rate cuts, aimed at stimulating growth, injected some stability into markets.

In the US, the Federal Reserve's decision to lower rates sparked a wave of capital returning to riskier assets, boosting investor confidence. This positively impacted global markets and ZBUK, creating a favourable lending environment for fixed-income assets. The Bank's portfolio of US Treasuries and UK Gilts increased in value as yields dropped, providing a buffer against fluctuating oil prices and currency volatility in emerging markets.

Strategic Report (continued)

However, the easing of global monetary policy came with its complications, including a renewed focus on credit risk. Anticipated rising defaults across developed and emerging markets required careful assessment, particularly for ZBUK's significant exposure in Sub-Saharan Africa. In Nigeria, macroeconomic instability, including inflation and the depreciating Naira, overshadowed slight recovery in the Oil sector. Global Geopolitical tensions – such as the ongoing war in Ukraine, conflicts in the Middle East, and South China Sea disputes – further influenced global decision-making. These disruptions, coupled with energy shortages and trade restrictions, slowed global manufacturing, and impacted trade finance activities.

In Africa, geopolitical ripple effects exacerbated trade imbalances, especially in Ghana and Nigeria. Currency devaluation made imports more expensive for Nigerian businesses, whilst Ghana faced mounting debt burdens, which culminated in the implementation of a debt restructuring programme by the country. Despite political instability and economic challenges, Nigeria's government pursued economic diversification and infrastructure improvements, which presented new opportunities and attendant risks for ZBUK within an evolving regulatory environment.

Additionally, there was an increase in global regulatory scrutiny surrounding financial institutions, particularly with respect to Anti-Money Laundering ("AML") and data privacy. Compliance with these new rules required additional investments in compliance infrastructure and employee ongoing training, with the Bank ensuring that its operations were fully aligned with these evolving standards.

ZBUK balanced its growth aspirations with risk management, supported by a strong capital base, liquidity, and operating income. Efforts to develop sustainable income from core banking activities paid off, as net interest income continued to account for a significant proportion of the Bank's revenue.

Revenue diversification remained a strategic priority, with a shift towards fee-based revenues, particularly in trade finance, foreign currency trading, and fixed-income securities trading. The Bank continued to expand its deposit base to address concentration risks. Corporate banking deepened relationships with large African corporations with interests in energy, telecoms, and infrastructure, thereby tapping into financing opportunities in markets such as Angola, Côte d'Ivoire, Egypt, Senegal and Tanzania.

The Bank's financial performance in 2024 supports its plans for 2025 and aligns with its four-year financial strategy through 2027. With Paris branch operations commencing in late 2024, Zenith Group is strategically positioned to expand into Francophone Africa. A strong focus on digital transformation aims to enhance payment and trade finance capabilities. Additionally, the Bank's capital optimization strategy across its Dubai and London operations ensured regulatory compliance and a robust capital position. These efforts place ZBUK in a strong position to navigate uncertainties and capitalise on emerging opportunities.

2025 Outlook

The global economic outlook for 2025 remains uncertain, shaped by geopolitical tensions, slow recovery, and potential policy shifts in the US. Global GDP is projected to dip to 2.7% according to the World Bank, with central banks likely signalling further interest rate cuts to support economic recovery. These developments present both opportunities and challenges, varying across regions.

In advanced economies such as the US, UK, and Europe, reduced interest rates are expected to ease borrowing costs, supporting consumer and corporate financial stability. Businesses in these regions may access new capital, driving investment in innovation and expansion. However, a cautious global credit environment will persist, with credit risks remaining a concern, particularly in high-yielding assets and geopolitically sensitive sectors.

Emerging markets, especially in Sub-Saharan Africa, face nuanced challenges. Whilst global inflation may ease, local inflationary pressures and currency volatility subsist. Countries such as Nigeria, Ghana, and Kenya will likely experience continued financial strain. Notwithstanding these pressures, trade volumes are expected to recover as supply chains stabilise. ZBUK's conservative risk appetite will be critical in managing these risks whilst pursuing growth opportunities.

Lower borrowing costs and potential refinancing activities may open new avenues for ZBUK. It is anticipated that the Bank's diversified operations across London, Dubai and Paris will provide resilience against regional instabilities. The Bank's focus on capital efficiency, risk management, and regulatory compliance aims to build long-term stakeholder value, balancing ambitions with financial prudence.

The Bank's key strategies for 2025 include optimising risk-weighted assets, maintaining a high-quality asset base, and closely monitoring credit exposures. Corporate lending will target sectors with growth potential, such as energy, telecoms, agriculture, and infrastructure, particularly in Africa.

Strategic Report (continued)

ZBUK's investment in digital transformation will continue, aligning with Zenith Group initiatives to streamline operations and improve customer services. Fee-based revenue streams, such as trade finance and foreign exchange service, will be prioritised.

By maintaining strong regulatory relationships and focusing on core strengths, ZBUK is well-positioned to adapt to evolving global economic landscapes. These strategies ensure resilience, profitability, and readiness for future challenges and opportunities.

Section 172 Statement

Engaging with stakeholders

To discharge their fiduciary duties and governance responsibilities, the Directors of the Bank regularly consider the views and interests of its stakeholders. The Directors act based on their understanding of the importance of these views and interests in promoting a well-governed organisation, which conducts its operations responsibly, remains attentive to its stakeholders and effectively uses the insights gained from these interactions to drive the Bank's growth strategy.

How Stakeholders are identified

The Bank's stakeholders ("stakeholders") are identified as parties who will benefit if the Bank is properly run and governed in such a way that it successfully delivers its strategic plans and complies with legal and regulatory requirements either directly or indirectly. Conversely, these parties are exposed to potential financial and other losses if Zenith UK fails to meet its strategic objectives due to governance, operational, legal, or regulatory reasons.

Stakeholders include providers of capital and funding, those involved in the Bank's value creation processes (employees), those who acquire the value in return for financial consideration, regulatory bodies, and the HM revenue & Customs ("HMRC").

Description of Relationship/ Interaction/ Obligation	Generic Name	Potential Benefits to parties	Potential Losses to parties	Outcomes of engagement with stakeholders
Providers of capital	Investors	• Increased shareholders' value • Brand recognition • Dividend payment	• Partial or total loss of capital investment • Brand/Reputational issue	With the representation by the Chairman and the Group CEO on the Board, discussions relating to operations and financial conditions of the organisation were held through different fora including Committee, Strategy and Board meetings. Zenith Group, through the Board, articulated its business and digital strategies including the plan to adopt similar digital solutions across the Group with a view to improving the brand's visibility and competitiveness. During 2024, engagement with the Group CEO and other stakeholders continued, and shaped the Bank's strategy, especially in relation to IT, Business, and International Expansion initiatives.

Strategic Report (continued)

Description of Relationship/ Interaction/ Obligation	Generic Name	Potential Benefits to parties	Potential Losses to parties	Outcomes of engagement with stakeholders
Parties that purchase the created value in return for financial considerations	Clients	• Strong business relationship • Banking convenience • Satisfaction with products or services offered by the Bank. • Continuous flow of client's business • Access to credit facilities for business continuity and expansion	• Client dissatisfaction with products or services offered by the Bank. • Disruptions to client's business • Violation of client's policies (e.g., Environmental, sustainability) • Liquidity challenges • Financial or other losses due to wrong advice by employees or Directors of the Bank	In addition to normal business, engagements were held with customers and surveys were administered to understand the clients' needs better and anticipate changes to their business preferences, as the Bank continues its journey towards digital transformation with a view to enhancing client experience.
Providers of funding	Depositors	• Interest on deposits • Repayment of deposits	• Partial or total loss of deposits	The Bank engaged in regular communication with its customers, ensuring that they continue to receive excellent services and sought feedback through surveys to gauge their satisfactions with the Bank's services. Through this, ZBUK is exploring opportunities to improve clients' banking experience
Parties involved in the Bank's value creation chain	Directors and Employees	• Financial security • Job security • Job enrichment and satisfaction	• Unemployment • Loss of income due to job losses.	During the year, multiple staff engagement sessions were held including half yearly internal strategy sessions with a view to articulating the Bank's short- and medium-term plans, driving motivation and fostering belonging. Through surveys independently administered by *Investors in People*, the Bank received feedback on opportunities to further promote the culture of diversity, equity, and inclusiveness.

Strategic Report (continued)

Description of Relationship/ Interaction/ Obligation	Generic Name	Potential Benefits to parties	Potential Losses to parties	Outcomes of engagement with stakeholders
Regulatory Authorities	Regulatory Authorities	• Financial system stability • Healthy market competition • Fair market practices • Fair treatment of customers.	• Financial system instability (deteriorating asset quality, poor capitalisation, fragility of financial systems) • Monopoly and monopolistic competition • Market malpractices • Unfair treatment of customers.	The Bank continued to maintain cordial relationships with the Regulators, and in several cases taking proactive steps to notify various Regulators of developments within the Bank especially regarding its strategy, international expansion plans, governance, and other Compliance related matters. Various enquiries received from the Regulators were responded to in a timely manner, and the Board and the Management continued to welcome early and regular engagement. In July 2024, the Bank hosted representatives of the PRA for an in-person Annual Strategy Meeting (“ASM”). ZBUK welcomed the opportunity to interact with representatives of the FCA to discuss its business strategy as well as other matters related to regulatory compliance.
Tax Authority	HMRC	• Tax revenues • Compliance with fiscal policies • Prevention and early detection of tax evasion	• Loss of Tax revenues • Non-compliance with fiscal policies • Failure to prevent or detect tax evasion	During the year, the Bank continued to maintain communication with HMRC, addressing enquiries and seeking guidance on tax matters.

The Bank’s Directors adopt several approaches in engaging stakeholders, aware that different perspectives exist. Depending on the situation and matter at hand, engagement could be direct or indirect. Indirect engagement principally involves the process of receiving of regular communication from Executive Management on specific aspects of the Bank’s business, strategy, or operations for further deliberations.

Depending on the outcomes, decisions reached could require Executive Management to maintain status quo or make changes to existing policies or practices. Such feedback is communicated through the Bank’s Chief Executive Officer, as deemed appropriate.

The Bank welcomes diverse perspectives and recognises these as important must-haves for its success.

In keeping with its responsibility, the Board seeks to understand how global economic developments and other matters impact the Bank’s multiple stakeholders. Executive Management is tasked with providing updates on the Bank’s response to these developments as well as its engagement with staff, clients, and regulatory authorities. Executive Management’s actions and strategies are overseen by the Board through regular feedback through in-person meetings (where appropriate), telephone calls, teleconferences, and email communications. The Board is apprised of regulatory matters on a regular basis and when there are specific matters to be addressed.

Strategic Report (continued)

Investors

The Directors ensure that Executive Management acts prudently in the use of the Bank's capital resources. An important aspect of this governance and oversight is achieved through the BRC, which is mandated to review, and approve/decline lending applications based on predetermined risk and/or limit thresholds. The BRC also monitors the changes to risk limits and ensures that the Bank's business is conducted within the approved risk appetite.

The Bank has one shareholder, Zenith Bank Plc. The investor is represented on the Board of ZBUK with up to two non-executive members. All views expressed are deliberated upon by the Board and decisions reached are approved for execution/ implementation by Executive Management. Quarterly Board meetings are held regularly to fulfil this oversight and governance responsibility.

In consideration of the long-term support of its investor, the Board may recommend the distribution of a dividend.

Clients and Depositors

The Board also received updates from, and discussed the efforts made by, Executive Management to maintain regular communications with clients, including constant review of clients' financial performance and gaining an understanding of their changing business needs and strategies developed fulfil them with ZBUK's expertise and operational capabilities.

The Board Audit & Compliance Committee ("ACC") and the BRC received regular updates on the Bank's risks and their impact on the Bank's business and operations. Discussions are held regularly to consider how the Bank's clients and depositors are impacted by these developments.

Board Strategy Committee meetings are held to review the Bank's strategies for supporting its clients and developing its business in line with the Board-approved Financial Plan. Clients' expectations - collected through different channels - are analysed to draw useful insights on how to improve the Bank's service and enhance customers' banking experience in line with consumer duty obligations. The Board also receives feedback regarding client complaints, reviews the reasons and oversees timely resolution of the matters under consideration.

Surveys are administered on a periodic basis, and the outcomes are discussed and considered by the Executive Management team, with appropriate oversight by the Board. The Directors ensure that the Bank complies with the FCA's requirements regarding consumer duty to the extent that it applies to the Bank's business.

The Board and Executive Management remains committed to the continuous monitoring of client needs and preparedness and application of insights required to shape the Bank's business strategy.

Employees

Briefing sessions are organised with all employees of the Bank to discuss various staff-related matters including staff policies (and changes), working conditions, changes to staff and management, ZBUK's strategies. Question & Answers ("Q&A") sessions are held, and opportunities are created to receive feedback from employees.

- **Social Matters:** The Bank is committed to make a positive difference and provide support to causes which aim to address societal needs. The Bank has an active Social Committee which organises events for employees to facilitate social bonding and interaction.
- **Respect for Human Rights:** The Bank focusses on promoting and strengthening a culture of respect for human rights.
- **Anti-Bribery and Corruption:** The Bank prohibits any engagement in or facilitating any form of bribery and corruption (giving and receiving, directly or indirectly) by it or its employees. All employees are encouraged to attend training courses which are specifically designed to ensure that they are aware and able to identify and manage the legal, regulatory, and reputational risks associated with all forms of bribery and corruption.

Strategic Report (continued)

Regulatory and Tax Authorities

At least on a quarterly basis, the Board receives updates regarding Executive Management's correspondences with Regulatory authorities and HMRC through the Audit and Compliance Committee. Extensive discussions are held regarding new regulations and expectations of the regulatory and tax authorities from the Bank.

The Board encourages Executive Management to maintain regular contact with the regulatory and tax representatives through the Compliance and Finance functions.

Directors Duties

The Directors of the Bank are required to act in accordance with the requirements of section 172 of the UK Companies Act 2006. Directors of companies must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders as a whole and, in so doing, have regard to:

- The likely consequence of any decision in the long term.
- The interest of the company's employees.
- The need to foster the Bank's business relationships with suppliers, customers, and others.
- The impact of the Bank's operations on the community and environment.
- The desirability of the Bank maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Bank.

The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the Executive Management of the Bank, with oversight by the Board.

Approved by the Board of Directors on 14 March 2025 and signed on its behalf by:

Udu Ovbiagele
Chief Executive Officer

14 March 2025

Company Registration No. 05713749

Independent Auditor's Report to the members of Zenith Bank (UK) Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Zenith Bank (UK) Limited. For the purposes of the table on pages 34 to 36 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Bank" is defined as Zenith Bank (UK) Limited. The relevant legislation governing the Bank is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

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

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 46 to 134 to the financial statements, including significant accounting policies.

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

In our opinion the financial statements:

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

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

Basis for opinion

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

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Bank's operations and specifically its business model.
- The evaluation of how those risks might impact on the Bank's available financial resources.
- Capital and liquidity considerations including examination of the Bank's cash flow and liquidity projections.
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2024**	**2023**	
Bank	$3,700k	$3,108k	0.97% (2023: 0.92%) of the net assets
Key audit matters			
Recurring	• Measurement of Expected Credit Loss ("ECL") allowance.		

Key Audit Matters

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

Measurement of the Expected Credit Loss ("ECL") allowance

Key audit matter description

At 31 December 2024 the Bank had the following portfolio of assets carried at amortised cost or at fair value through other comprehensive income:

	2024		2023	
Type of financial asset	**Gross exposure ($m)**	**ECL ($m)**	Gross exposure ($m)	ECL ($m)
Loans and advances to customers	446.91	3.31	359.65	6.19
Loans and advances to banks	113.41	0.76	154.80	0.92
Securities at fair value through OCI	1,373	1.03	1,663	1.49
Securities measured at amortised cost	221.96	8.42	211.61	13.77
Loan commitments	26.11	0.62	–	–

IFRS 9 requires these amounts to be presented in the financial statements net of an associated allowance for Expected Credit Loss ("ECL").

The determination of the ECL allowance requires the Bank to make a number of highly complex, judgemental and highly sensitive assumptions that involve significant management estimation and judgement.

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

	The following areas have greater level of management judgement and estimations involved and therefore assessed as significant risk areas in the estimation of ECL. ● Estimation of Probability of Default ("PD") for internally rated loans - the internally rated PD models poses a significant risk due to the sensitivity and underlying assumptions inherent in the PD estimation process. The internally rated PDs are derived using internal credit rating assessments that are aligned to External Credit Assessment Institutions (ECAI), necessitating management judgements. Due to limited internal default experience and the absence of external ratings, the determination of these PDs involves a high degree of subjectivity. ● Determination of whether there has been a significant increase in credit risk ("SICR"). Identification of whether there has been a SICR is a significant judgement which directly affects the Bank's ECL modelling for either 12 month or lifetime approaches. ● Determination of staging. Timely allocation of financial assets to stage 1, 2 or 3 in accordance with Bank's ECL policy and the requirements of IFRS 9 directly affects the approach used to model ECL and also affects how interest is calculated for those assets. ● Post model Adjustments ("PMAs") – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitation and emerging trends and risks not captured by the model. PMAs which are recognised to address the model data limitations are inherently uncertain and significant management judgement is involved in estimations; and ● Use of macroeconomic scenarios ("MES") – MES are a significant judgement due to the forward-looking nature of scenario projections and estimation uncertainties involved in the assignment of weightings to the various scenarios.
How the scope of our audit responded to the key audit matter	Controls testing - We evaluated the design and implementation of key controls over the ECL process, including those over management's judgments and estimates noted. These processes controls, among others, covered: ● Determination of credit risk ratings and the PDs for internally rated loan exposures ● Extraction of relevant data from the Bank's underlying systems and its inclusion in the appropriate elements of the ECL modelling ● Allocation of assets into stages including management's monitoring of stage effectiveness ● Appropriateness of the Post Model Adjustments "PMAs" applied to the model-driven ECL results and the judgements applied to such PMAs; and ● Generation of the multiple economic scenarios including governance processes and the application of weightings to the different scenarios. **Overall assessment of the ECL methodology** – We evaluated the Bank's ECL methodology and modelling of different components of ECL including PD and LGD and assessed the appropriateness of the components and the compliance with the requirements of IFRS 9. We engaged our external credit modelling experts to assess the performance of the ECL models and the appropriateness of management's key judgements and assumptions in the context of the current economic environment and our wider industry experience. We performed the following procedures; ● evaluated the SICR criteria used by the Bank and tested the appropriateness to allocate financial assets to stages 1, 2 or 3 in accordance with IFRS 9 ● critically assessed the conceptual soundness of the ECL methodology applied by management for internally rated exposures to evaluate whether the methodology is compliant with IFRS 9. We also evaluated the PDs used by management for internally rated loans against externally available default data

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

- reviewed and challenged key assumptions used in the ECL model in relation to PD, LGD and macroeconomic scenarios and weightings
- evaluated the completeness of the PMAs in relation to model performance and prevailing macroeconomic conditions, Additionally, we assessed the appropriateness of the PMAs determined by management in response to the heightened risk on restructured Ghana Bonds
- engaged with internal credit modelling specialists to review and challenge the work performed by the external credit modelling experts.

Assessment of internally rated PD model – We along with the credit modelling expert tested a sample of Bank's internally rated loans to determine whether the internal grading assigned to counterparties are reasonable and appropriate as per the Bank's methodology.

Staging – We evaluated the criteria used to allocate a financial asset to stage 1, 2 or 3 in accordance with IFRS 9. We have performed credit reviews over a sample of loans to assess if the loans are allocated to the correct stage.

Post model adjustments – we assessed the adequacy of the ECL allowance recorded by management in relation to Ghana bonds including the PMA adjustment.

We performed the following procedures on other areas of the valuation of the expected credit loss allowance;

- Evaluated the design and implementation of controls across the processes relevant to ECL. Our walkthrough covered the following areas:
  - Model governance including model validation and controls;
  - Recording of collaterals into lending system for mortgage loans;
  - Data accuracy and completeness;
  - Review of journal entries related to the ECL.
- Obtained an understanding of the different types of portfolios and nature of exposures along with the business models for significant exposures.
- Assessed the valuation of the property collaterals as part of the sample of credit reviews for mortgage loans
- Assessed Bank's elevated and low risk models (EAD and LGD models) used for ECL estimation and assessed the appropriateness and compliance with IFRS9
- Identified the key data elements and assumptions within the ECL model and assessed the appropriateness of the assumptions and tested the completeness and accuracy of the key data elements relevant to the ECL model
- Reviewed the data flows used to populate the disclosures and assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.

Key observations	We found the approach taken in respect of ECL to be consistent with the requirements of IFRS 9 and we have concluded that the assumptions and judgements made by the management in the application of ECL were reasonable and supportable.

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

Our application of materiality

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

Overall Materiality	$3,700k (2023: $3,108k)
• Basis of determining overall materiality	We determined materiality based on 0.97% (2023: 0.92%) of the net assets value. We have considered the primary users of the financial statements to be shareholders, customers of the Bank, the ultimate parent Bank, and the UK regulators (FCA and PRA). We have considered that Net Assets is the most appropriate benchmark on which to base our assessment of materiality as it is the most relevant financial indicator used by the stakeholders to assess the performance of the Bank and its compliance with appropriate regulatory requirements.
Performance materiality	$2,220k (2023: $1,865k)
• Basis of determining overall performance materiality	We set performance materiality based on 60% (2023: 60%) of overall materiality. Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding $185k (2023: $155k) to the Audit and Compliance Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the Bank which are relevant to our audit, such as those relating to the financial reporting cycle. We also tested operating effectiveness and placed reliance on certain controls.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment and found the IT controls to be operating effectively.

Climate-related risks

In planning our audit and gaining an understanding of the Bank, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We have agreed with management's assessment that climate-related risks are not material to these financial statements.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and directors report

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Independent Auditor’s Report to the members of Zenith Bank (UK) Limited (continued)

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

Identifying and assessing potential risks arising from irregularities, including fraud

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

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Bank’s own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Bank focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, the Financial Services and Markets Act 2000; UK tax legislation or those that had a fundamental effect on the operations of the Bank including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired with the directors and management concerning the Bank’s policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Bank’s financial statements to material misstatement, including how fraud might occur by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit loss.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Bank’s board, audit and compliance committee meetings, Asset and Liability committee meetings and Board Risk committee meetings, inspection of the complaints register, inspection of legal and regulatory correspondence from the PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
- testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
- evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
- enquiry of management around actual and potential litigation and claims.
- challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report; and
- obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.

Independent Auditor's Report to the members of Zenith Bank (UK) Limited (continued)

- the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Board of directors on 5 July 2022 for the audit of statutory financial statements of the Bank for the year ended 31 December 2022 and subsequent years. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Bank, and we remain independent of the Bank in conducting our audit.

Use of our report

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

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

17 March 2025

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

	Note	2024 US$	2023 Restated US$
Interest income	4	150,477,684	147,456,638
Interest expense	5	(70,136,461)	(51,787,199)
Net interest income		80,341,223	95,669,439
Fee and commission income	6	9,673,145	10,403,918
Trading income	7	3,955,862	3,049,612
Net gains/(losses) realised on disposal of securities measured at fair value through other comprehensive income		(210,586)	(1,656,333)
Net loss on derecognition of financial instruments	19b	(7,486,009)	-
Fair value movement on financial derivatives (net)	8	(3,457,754)	118,861
Exchange differences	9	2,466,208	(1,383,919)
Operating income		85,282,089	106,201,578
Personnel expenses	10	(23,746,944)	(22,411,476)
Depreciation and amortisation	20,21,22	(1,684,109)	(1,624,921)
Other expenses	11	(11,821,300)	(8,600,456)
Operating expenses		(37,252,353)	(32,636,853)
Operating profit before impairment provision and taxation		48,029,736	73,564,725
Net impairment credit / (charge) on financial assets	19a	8,225,131	(771,074)
Profit before tax		56,254,867	72,793,651
Income tax expense	12	(14,031,518)	(17,956,240)
Profit for the year		42,223,349	54,837,411
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of debt instruments at fair value through other comprehensive income		5,614,429	13,774,075
Net change in fair value of debt instruments reclassified to profit or loss		210,586	1,656,333
Expected credit loss reversals recognised in the income statement	36	(460,195)	(193,850)
Deferred income tax on items that are or may be reclassified subsequently to profit or loss	24	(1,456,254)	(3,857,602)
Other comprehensive income for the year (net of tax)		3,908,566	11,378,956
Total comprehensive income for the year attributable to equity holders of the Bank		46,131,915	66,216,367

The 2024 and 2023 results are all from continuing operations.

The notes on the accompanying pages 46 to 115 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December

	Note	31 December 2024 US$	31 December 2023 US$
Assets			
Cash and cash equivalents	13	**480,233,340**	276,069,567
Derivative financial assets	29a	**1,517,779**	2,410,504
Loans and advances to banks	14	**112,643,670**	153,876,803
Loans and advances to customers	15	**443,603,255**	353,457,523
Securities measured at fair value through profit or loss	16	**4,295,068**	5,106,226
Securities measured at fair value through other comprehensive income	17	**1,373,024,636**	1,662,513,466
Securities measured at amortised cost	18	**213,536,320**	197,839,485
Right-of-use assets	20	**8,693,058**	1,217,453
Property and equipment	21	**168,467**	353,650
Intangible assets	22	**2,446,032**	771,955
Current tax assets	23	**519,490**	569,334
Deferred tax assets	24	**1,024,013**	2,958,195
Other assets	25	**7,348,853**	2,940,642
Total assets		**2,649,053,981**	2,660,084,803
Liabilities			
Derivative financial liabilities	29b	**3,094,465**	529,436
Deposits from banks	26	**1,285,833,708**	1,283,720,090
Deposits from customers	27	**871,249,258**	985,581,621
Repurchase agreements and other similar secured borrowing	28	**88,965,017**	45,992,015
Current tax liabilities	30	**2,070,141**	–
Impairment allowance on committed but undrawn facilities	19	**625,420**	–
Lease liability	31	**8,819,920**	1,055,479
Other liabilities	32	**6,073,358**	7,184,781
Provision	33	**169,398**	–
Total liabilities		**2,266,900,685**	2,324,063,422
Equity			
Share Capital	37	**136,701,620**	136,701,620
FVOCI Reserves		**(598,009)**	(4,506,575)
Retained earnings		**246,049,685**	203,826,336
Total equity		**382,153,296**	336,021,381
Total liabilities and equity		**2,649,053,981**	2,660,084,803

The financial statements and accompanying notes on pages 46 to 115 were approved and authorised for issue by the Board of Directors on 14 March 2025 and signed on its behalf by:

Dame (Dr.) Adaora Umeoji
Chair

Udu Ovbiagele
Chief Executive Officer

Adeyemi Paul-Taiwo
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2024

	Share Capital US$	FVOCI Reserves US$	Retained Earnings US$	Total Equity US$
Balance as at 1 January 2024	136,701,620	(4,506,575)	203,826,336	336,021,381
Profit for the year	–	–	42,223,349	42,223,349
Other comprehensive income for the year (net of tax)	–	3,908,566	–	3,908,566
Dividends paid	–	–	–	–
Balance as at 31 December 2024	136,701,620	(598,009)	246,049,685	382,153,296
Balance as at 1 January 2023	136,701,620	(15,885,531)	166,588,925	287,405,014
Profit for the year	–	–	54,837,411	54,837,411
Other comprehensive income for the year (net of tax)	–	11,378,956	–	11,378,956
Dividends paid	–	–	(17,600,000)	(17,600,000)
Balance as at 31 December 2023	136,701,620	(4,506,575)	203,826,336	336,021,381

The balance in Fair Value through Other Comprehensive Income ("FVOCI") Reserves comprises fair value movements on debt instruments that are carried at fair value through other comprehensive income. Any gains or losses realised upon disposal or maturity of such debt instruments will be reclassified to profit or loss.

During the year, the following movements were recorded:

- *Net change in fair value of debt instruments at fair value through other comprehensive income* arising from movement in unrealised mark-to-market gains or losses totalled US$ 5,614,429 (2023: US$ 13,774,075).
- *Net change in fair value of debt instruments reclassified to profit or loss* arising from realisation of mark-to-market gains or losses on FVOCI debt instruments totalled US$ 210,586 (2023: US$ 1,656,333).
- *Expected credit loss reversals recognised in the income statement* arising from changes in impairment allowance assessment on FVOCI debt instruments totalled US$ 460,195 (2023: US$ 193,850).
- *Deferred income tax on items that are or may be reclassified subsequently to profit or loss* arising from all above totalled US$ 1,456,254 (2023: US$ 3,857,602). Tax rate of 25% was applied (2023: 25%).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2024 (2023: Nil. The Bank's 2024 full year Dividend Per Share ("DPS") for the year ended 31 December 2024 is US$ Nil (2023: US$ Nil). See Note 36.

The notes on the accompanying pages 46 to 115 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December

	Note	2024 US$	2023 (Restated) US$
Cash flows from operating activities			
Profit for the year		**42,223,349**	54,837,411
Adjustments for:			
Impairment provision charge/(reversal)	19	**(8,225,131)**	771,074
Depreciation of property and equipment	20,21	**1,184,560**	1,074,768
Amortisation of intangible assets	22	**499,549**	550,153
Interest expense on Right-of-use Lease liability	5	**346,769**	18,326
Current income tax expense	12	**13,553,590**	17,745,025
Deferred income tax expense	12	**477,928**	211,215
Deferred tax asset write-off (legacy)	24	**–**	1,278
Interest income	4	**(150,477,684)**	(147,456,638)
Interest expense	5	**69,789,692**	51,768,873
Fair Value Movement on Securities measured at Fair Value Through Profit or Loss ("FVTPL")		**69,201**	(161,131)
Fair Value Movement on Derivative contracts		**3,457,754**	(118,861)
Unrealised Foreign Exchange (Gains)/Losses		**(2,466,206)**	1,383,919
Loss on derecognition of assets		**7,486,009**	–
		(22,080,620)	(19,374,588)
Decrease in loans and advances to banks		**37,241,172**	18,309,801
Increase in loans and advances to customers		**(92,041,493)**	(34,437,897)
Increase in securities measured at fair value through profit or loss		**(120,096)**	(1,981,657)
Decrease in securities measured at fair value through other comprehensive income		**314,536,239**	160,400,521
Increase in other assets		**(4,408,211)**	(1,160,229)
Decrease in deposits from banks		**(7,577,015)**	(691,139,281)
(Decrease)/Increase in deposits from customers		**(104,968,633)**	177,615,161
Increase/(Decrease) in repurchase agreements and other similar secured borrowing		**43,001,229**	(32,231,420)
(Increase)/Decrease in derivative financial instruments (net)		**–**	31,944
Increase in other liabilities		**4,871,782**	4,996,694
Cash generated from operations		**168,454,353**	(418,970,951)
Interest income received		**104,041,078**	136,365,040
Interest expense paid		**(53,649,527)**	(44,315,715)
Income tax paid	30	**(11,483,449)**	(19,414,513)
Net cash generated from / (used in) operating activities		**207,362,455**	(346,336,139)
Cash flows from investing activities			
Acquisition of securities measured at amortised cost		**(81,087,234)**	(26,752,067)
Proceeds from redemption of securities measured at amortised cost		**69,818,444**	21,071,506
Interest income received		**14,053,675**	15,202,064
Acquisition of property and equipment	21	**(62,128)**	(60,188)
Acquisition of intangible assets	22	**(2,173,626)**	(328,438)
Net cash generated from investing activities		**549,131**	9,132,877

Statement of Cash Flows (Continued)

For the year ended 31 December

	Note	2024 US$	2023 (Restated) US$
Cash flows from financing activities			
Repayment of Lease liability	31	(672,177)	(926,335)
Dividends paid to shareholders		–	(17,600,000)
Net cash used in financing activities		(672,177)	(18,526,335)
Net (Decrease)/Increase of Cash and cash equivalents		207,239,409	(355,729,597)
Cash and cash equivalents as at 01 January		276,069,567	629,660,723
Effect on exchange rate changes on Cash and cash equivalents		(3,075,636)	2,138,441
Cash and cash equivalents at 31 December	13	480,233,340	276,069,567

The notes on the accompanying pages 46 to 115 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1 General information

Zenith Bank (UK) Limited ("Bank", "ZBUK," "Zenith UK") is a private company, limited by shares. The Bank was incorporated and registered in England & Wales in 2006 and is domiciled in the United Kingdom. The Bank's registered number is 05713749 and registered office (and principal place of business) is located in England, and is situated at 39, Cornhill, London EC3V 3ND. The Bank is fully owned by the parent and ultimate parent undertaking, Zenith Bank Plc, a Bank incorporated in Nigeria. The Bank primarily provides trade finance, treasury services, corporate, infrastructure and project financing, and wealth management services to customers.

The Bank is authorised under the Financial Services and Markets Act 2000 (as amended in 2012). It is authorised by the PRA and regulated by the FCA and the PRA.

Statement of compliance

The Bank's financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards ("IAS") and in accordance with those requirements of the Companies Act 2006 that remain relevant to the preparation of accounts in accordance with IAS. The financial statements apply the historical cost convention as modified to include the fair valuation of financial instruments to the extent required or permitted by IAS.

2 Basis of preparation and material accounting policy information

Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IAS") which is applicable to companies reporting under International Financial Reporting Standards ("IFRS") and the Companies Act 2006 as set out in the relevant notes, based on historical cost convention modified to include the fair valuation of financial instruments to the extent required or permitted.

The Bank has elected to present its Statement of Financial Position in order of liquidity.

Income and expense in foreign currencies are recorded in US Dollars at the rate of exchange prevailing at the time of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Resulting exchange differences are included in the income statement.

Restatement and Reclassification of prior year disclosures

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, certain comparative amounts have been reclassified and restated to correct errors in the presentation of financial information:

1. Statement of Profit or Loss

Certain comparative figures have been reclassified to correct errors in presentation for prior year and are as follows:

- Interest Income (Note 4)
- Trading Income (Note 7)

These adjustments ensure alignment with the current presentation format. The restatement has no impact on previously reported total comprehensive income, profit, or loss for prior periods, or retained earnings.

2. Statement of Cash Flows

Comparative amounts have been restated to accurately reflect the presentation of cash flows and ensure compliance with the requirements of IAS 7 Statement of Cash Flows. Specifically:

- The effect of changes in foreign exchange rates, previously included within various line items, has been separately aggregated, and presented as a single item.
- These changes enhance consistency with disclosures in the Statement of Profit or Loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

These restatements are presentation-related and do not affect the financial position, performance, or cash flows reported in prior periods.

Please refer to Note 42 for analysis of restatement.

3. Others

Comparative figures for sector and industry classifications have been reclassified to better align with regulatory sector classifications and ensure consistency with the current year's presentation.

Comparative figures for Exchange rate risk and Foreign currency sensitivity have been restated to account for the impact of restated Net open position of the Bank to align with current year's presentation.

These restatements are presentation-related and do not affect the financial position, performance, or cash flows reported in prior periods.

Please refer to Note 36 for analysis of restatement.

(a) Going concern

The Bank's business activities, together with the factors likely to affect its future development and position with disclosures regarding Financial Risk Management, are set out in the Strategic Report.

The Directors have assessed the impact of geopolitical tensions—including the Russia-Ukraine war, Middle East conflicts, and South China Sea disputes—along with high interest rates, rising energy costs, supply chain disruptions, and U.S. tariffs on China and are satisfied that there is no material uncertainty that precludes the Bank from continuing in business and confirm that there are no plans to terminate the Bank's operations or significantly curtail its activities.

The Directors have reviewed the Bank's profitability, capital, and liquidity positions. Zenith UK's capital and liquidity ratios as at 31 December 2024 exceeded the minimum regulatory requirements. The Directors will continue to exercise effective oversight of the Bank's operations to ensure that the Bank maintains strong capital and liquidity positions.

The Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Bank's financial statements.

Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in the Bank's financial statements.

(b) IFRS 9 Financial Instruments

i. Classification and Measurement of Financial Assets and Liabilities

There are three measurement classifications under IFRS 9: Amortised Cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value Through Other Comprehensive Income ("FVOCI"). Financial assets are classified into these measurement classifications based on the business model within which they are held, and their contractual cash flow characteristics.

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flow ('hold to collect') and where those contractual cash flows are solely payments of principal and interest ('SPPI'). Financial asset debt instruments where the business model objectives are achieved by both collecting the contractual cash flows and selling the assets ('hold to collect and sell') are held at FVOCI, with unrealised gains and losses deferred within reserves until the asset is derecognised. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The sale and purchase of financial instruments are accounted for on settlement date basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Financial assets

Subsequent to initial recognition, all financial assets within the Bank are measured at:

- Amortised Cost.
- Fair Value Through Other Comprehensive Income ("FVOCI"); or
- Fair Value Through Profit or Loss ("FVTPL")

Amortised Cost

The Bank's financial assets including debt instruments are subsequently measured at amortised cost by the Bank if they meet both of the following criteria and are not designated as at FVTPL:

- 'Held to collect' business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- 'SPPI' contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding on a specified date. Interest in this context is consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period.

Loans to banks and customers and Investment securities are held within a 'hold to collect' portfolio.

Fair Value Through Other Comprehensive Income

This category of financial assets represents non-derivative financial assets classified on initial recognition because they are being held to collect contractual cashflows and for sale. FVOCI assets are measured at fair value and any changes are recognised in other comprehensive income. Interest, impairments, and foreign exchange differences on assets classified at FVOCI are recognised in the Income statement. The cumulative gain or loss that was recognised in other comprehensive income is recognised in profit or loss when an asset designated at FVOCI is derecognised.

All other financial assets (equity investments) are measured at fair value. The Bank has made an irrevocable election in this regard in line with principles of IFRS 9.

The majority of the remaining investment debt securities are held within a 'held to collect and sell' business model.

Fair Value Through Profit or Loss

Financial assets are classified and measured at FVTPL by the Bank if the financial asset is:

- A debt instrument that does not qualify to be measured at amortised cost or FVOCI.
- An equity investment which the Bank has not irrevocably elected to classify as at FVOCI and present subsequent changes in fair value in OCI.
- A financial asset where the Bank has elected to measure the asset at FVTPL under the fair value option.

Financial liabilities

Financial liabilities are either classified by the Bank as:

- Financial liabilities at amortised cost, or
- Financial liabilities at FVTPL.

Financial liabilities are measured at amortised cost by the Bank unless either:

- The financial liability is held for trading and is therefore required to be measured at FVTPL, or
- The Bank elects to measure the financial liability at FVTPL (using the fair value option).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

ii. Impairment of Financial Assets, Loan Commitments and Financial Guarantee Contracts

Certain estimates and judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining the credit risk grades.
- generating the term structure of the probability of default.
- determining whether credit risk has increased significantly.
- incorporation of forward-looking information.
- establishing groups of similar financial assets for the purposes of measuring ECL.

IFRS 9 requires a forward-looking expected credit loss ("ECL") impairment framework for financial assets not measured at FVTPL and certain off-balance sheet loan commitments and guarantees. The ECL framework results in an allowance for expected credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

The impairment model applies to the following financial instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments; and
- loan commitments and financial guarantee contracts issued.

IFRS 9 utilises a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL is calculated for all financial assets that have not experienced a Significant Increase in Credit Risk ("SICR") since origination and are not credit impaired. The ECL will be computed using a 12-month Probability of Default ("PD"), which represents the probability of default events occurring over the next 12 months.

Stage 2 – When a financial asset experiences a Significant Increase in Credit Risk ("SICR") subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of all possible default events occurring over the remaining life of the financial asset. Provisions are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses. Interest income is calculated on the carrying amount of the loan net of expected credit loss allowance.

The ECL requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the areas of assessing whether the credit risk of an instrument has increased significantly since initial recognition and incorporating forward-looking information into the measurement of ECLs.

Definition of default

Under IFRS 9, the Bank will consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising collaterals (if any is held); or
- the borrower is more than 90 days past due.

Significant increase in credit risk

In determining whether the credit risk (risk of default) on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information. The Bank applies a methodology and framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

The criteria for determining whether credit risk has increased significantly varies based on individual circumstances of each loan but includes a backstop based on delinquency of 30 days past due, and a decrease in credit ratings based on Credit Quality Steps ("CQS") as explained in Note 36 (*Sensitivity and impact analysis of ECL assessment* section). In certain instances, using judgement, and where possible relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk if qualitative factors indicate so, as the quantitative analysis may not capture it on a timely basis.

Measuring ECL

The key inputs to the measurement of ECL are:

- Probability of Default (PD)
- Loss given default (LGD); and
- Exposure at default (EAD)

Probability of default represents the likelihood that a borrower or counterparty will fail to meet its contractual obligations over a specified period of time, typically either 12 months or the remaining lifetime of the financial exposure.

The Bank assigns internal credit ratings to borrowing customers without external ratings. These ratings are determined using internal scorecards that assess various quantitative factors relevant to each counterparty. To inform Probability of Default (PD) assessments, the Bank maps its internal ratings to an equivalent external credit rating agency scale.

Loss Given Default ("LGD") represents the bank's estimate of the economic loss, expressed as a percentage of the exposure at default ("EAD"), that would be incurred if a borrower defaults. LGD is calculated as the weighted average of the LGD of unsecured portion of exposures and the LGD of secured portion of exposures after applying the appropriate haircuts and adjustments for foreign currency volatility.

The Bank uses LGD values of 40% and 45% for corporates and non-corporate entities, respectively. These values are determined by using the Foundation Internal Ratings Based (FIRB) approach under Basel Framework. Under the FIRB approach, senior claims on sovereigns, banks, securities firms, and other financial institutions (including insurance companies and any financial institutions in the corporate asset class) that are not secured by recognised collateral are assigned a 45% LGD. Senior claims on other corporates that are not secured by recognised collateral are assigned a 40% LGD.

Additionally, The Bank's LGD methodology takes into consideration collateral related information in line with principles of Basel Framework CRE2. In addition to the eligible financial collateral recognised in the standardised approach, under the FIRB approach some other forms of collateral, known as eligible Internal Ratings Based ("IRB") collateral, are also recognised. These include receivables, specified commercial and residential real estate, and other physical collateral, where they meet the minimum requirements. For eligible financial collateral, the requirements are identical to the operational standards as set out in the credit risk mitigation section of the standardised approach.

The LGD applicable to a collateralised transaction is calculated as the exposure weighted average of the LGD applicable to the unsecured part of an exposure and the LGD applicable to the collateralised part of an exposure.

During the year, the Bank enhanced its ECL model to incorporate the effect of collaterals in the estimation of LGD. Different collateral types are assigned different recovery rates. Haircuts are applied to collateral values to account for volatility and potential legal or operational challenges associated with realising their values.

Exposure at Default refers to the estimated amount of exposure to a financial asset at the time of default. It represents the outstanding balance (plus any undrawn commitments that are expected to be utilised) at the moment the borrower defaults on their obligations. This includes outstanding principal, accrued interest and any other amounts owed by the borrower.

Off-balance sheet items are included as part of the EAD within the ECL computation. These items primarily comprise committed exposures which have not yet been drawn ("undrawn commitments"). Undrawn commitments are expressed in the equivalent EAD by applying the applicable Credit Conversion Factors ("CCFs"), to account for the portion of the undrawn limits that are expected to be used. CCFs are assumed to provide a reasonable estimate of the expected actual drawdowns of undrawn commitments, based on historical utilisation patterns and management's best judgment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

If, in a subsequent period, the amount of an impairment loss decreased and the decrease could be objectively related to an event occurring after the impairment was recognised (such as an improvement in a debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the impairment allowance account. The amount of the reversal is recognised in profit or loss under "Net Impairment credit/(loss) on financial assets."

Forward-looking information ('FLI')

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

FLI is required to be incorporated into the measurement of ECL as well as into the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Forecasts for key macroeconomic variables that are expected to correlate most closely to the Bank's portfolio are used to produce three economic scenarios. These comprise: a central case, downturn case, and optimistic case. Judgement is used to infer the impact of such scenarios on rating downgrades within the portfolio which then impacts the ECL calculation. The estimated ECL under each scenario is probability-weighted to produce the final ECL.

iii. De-recognition of financial assets and liabilities

Financial assets are de-recognised when the rights to receive cash flows from the assets have expired or where the Bank has transferred its contractual right to receive the cash flows of the financial assets and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are de-recognised when they are extinguished, i.e., when the obligation is discharged, cancelled, or expires.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

For floating rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

The difference between the carrying amount of the financial asset derecognised and consideration received is recognised in profit or loss.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'Interest expense,' respectively in the statement of comprehensive income using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument excluding future credit losses. The calculation includes all amounts paid or received that are an integral part of the effective interest rate, including fees and commission income, transaction costs and all other premiums or discounts.

Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by any allowance for impairment.

(d) Trading and other income

Trading and other income comprises gains less losses relating to trading assets and liabilities and includes all fair value changes, interest, dividends, foreign exchange differences and recoveries of loan written off. The Bank applies First in First Out (FIFO) method in calculating and recognising trading gains or losses.

(e) Fee and commission income

The Bank identifies the specific performance obligations in its contracts with its clients. The contractual terms define the transaction price (fee or commission to be earned) and the Bank allocates the transaction price for distinct service(s) under each contract.

Depending on the nature of the performance obligation for which a fee or commission is to be earned by the Bank, the following policies apply:

(i) if the income is earned on the execution of a significant act, it is recognised as revenue when the significant act has been completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement for the acquisition of securities);

(ii) if the income is earned as services are provided, it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody, and banking service fees).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

(iii) if the income relates to a financial instrument, it is recognised in fee and commission income over time as the performance obligations are satisfied in line with principles of IFRS 15 (for example, loan origination fees). In fulfilling this, the following steps are taken into consideration:

- Identification of the contract
- Identification of separate performance obligations
- Determination of the transaction price
- Allocation of transaction price to performance obligations
- Recognition of revenue when each performance obligation is satisfied.

(iv) if the Bank provides certain guarantee facilities which are dependent on uncertain future events. These facilities include surety, fidelity, performance, bid and advance payment bonds. Fees and commissions arising from the provision of such services are recognised over the period for which the service is provided; and

(v) Point-in-time fees are service fees which are earned upon completion of service and recognised directly in Statement of comprehensive income. Point-over-time fees are fees integral to loans and are suspended in Statement of financial position and recognised over tenor of the facility.

(f) Foreign currencies

The US Dollar is regarded as the functional currency and reporting currency of the Bank. Given that majority of the Bank's assets are generated in US Dollar and the Bank primarily operates in economic environments where US Dollar is considered to be the main currency for business transactions.

Income and expense in foreign currencies are recorded in US Dollar at the rate of exchange prevailing at the time of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Resulting exchange differences are included in the income statement.

Non-monetary assets and liabilities in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction.

(g) Income tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year calculated using tax rates enacted or substantially enacted by the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

(h) Derivatives

The Bank uses derivative financial instruments for risk management purposes. The Bank uses forward foreign exchange, interest rate, and other derivative products.

Fair values are obtained from quoted market prices in active markets or by using valuation techniques, including recent market transactions, where an active market does not exist. All derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

(i) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position only when the Bank has a legally enforceable right to set off the amounts and it intends either to settle them 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 IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(j) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses calculated on a straight-line basis to depreciate the assets over their estimated useful lives as follows:

Leasehold improvements:	10 years or the length of the lease, if less
Computer equipment:	3 years
Furniture, fixtures, and fittings:	5 years

Leasehold premises improvements comprise the Bank's offices in London and Dubai. All equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The assets are reviewed for impairment when there are indicators that such assets may be impaired.

(k) Intangible assets

Acquired computer software licences and development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are expensed as incurred.

The Bank capitalises costs associated with the development and acquisition of intangible assets and other assets when it is probable that future economic benefits will flow to the Bank and the costs can be measured reliably.

The Bank capitalises development costs related to software and other intangible assets when the following conditions are met:

- The project is technically feasible.
- The Bank intends to and has the ability to complete the project.
- The Bank can demonstrate how the asset will generate future economic benefits.
- The costs can be measured reliably.

The expenditure is capitalised when it meets the following criteria:

- Directly attributable costs, such as employee salaries, consultants' fees, and materials.
- A reasonable proportion of indirect costs, such as overheads, which are directly attributable to preparing the asset for its intended use.

Capitalisation of costs commences when the above criteria are met and ceases when the asset is ready for its intended use.

The capitalised cost of computer software is amortised over 3 years using the straight-line method. Acquired software licenses which are issued on a one-off basis are amortised over the life of the license.

The intangible assets are reviewed for impairment when there are indicators that such assets may be impaired.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

(l) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value. Such investments are those with maturity of three months or less from the date of acquisition, and include cash, notes and coins, placements with other banks, amounts held with correspondent banks and certificates of deposit.

(m) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

(n) Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

(o) Employee benefits

The Bank provides a defined contribution pension plan for its staff. The assets of the schemes are held separately from those of the Bank. The Bank pays contributions to the Zenith Retirement Benefit Scheme. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(p) Share capital

Share issue costs - Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares - Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders at the general meeting.

(q) Deposits

Deposits are initially recorded at fair value and subsequently measured at amortised cost. 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 and other borrowings without a quoted market price is based on discounted cash flows using market interest rates for debts with similar remaining maturity.

(r) Loans written off

The amount of loan write off is assessed on a case-by-case basis. Full or partial write-offs of loans and advances are generally recorded when management believes there is no realistic prospect of a full recovery of interest and principal. The Bank continues to seek recovery of due amounts regardless of whether they have been written off.

(s) Leases

IFRS 16 applies to all leases except for licences of intellectual property, rights held by licensing agreement within the scope of IAS 38 Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41 Agriculture and leases of minerals, oil, natural gas, and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 Intangible Assets which the Bank has decided to apply. When the Bank is the lessee, it is required to recognise both:

- a lease liability, measured at the present value of remaining cash flows on the lease, and
- a right-of-use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The right of use asset will depreciate to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in an index or rate,
- the Bank's estimate of the amount expected to be payable under a residual value guarantee, or
- the Bank's assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to Nil. On the balance sheet, the ROU assets are included within property and equipment and the lease liabilities are included within other liabilities.

The depreciation on right-of-use assets is calculated over the lease period. All right-of-use assets held by the Bank can be characterised as building leases on the Bank's offices.

The Bank applies incremental borrowing cost for discounting the cashflows on the lease.

The Bank has elected to apply the exemptions for short-term leases where the lease term is 12 months or less. Leases that meet these criteria are expensed on a straight-line basis over the lease term, rather than being recognised as right-of-use assets and lease liabilities.

The ROU assets are reviewed for impairment when there are indicators that such assets may be impaired.

(t) Repurchase agreements and other similar secured borrowing

Securities transferred under agreements to repurchase (repurchase agreements) involve the Bank transferring securities to a counterparty with an agreement entered into simultaneously to receive the securities back at a future date. Since the Bank is receiving the securities back at a future date, the risks and rewards have not been transferred from the Bank. Therefore, the Bank retains ownership of the securities. The counterparty has the right to use the collateral pledged by the Bank in the event of default.

These agreements are treated as collateralised financing arrangements and are initially recognised at fair value. The party disbursing the cash takes possession of the securities serving as collateral for the financing and having a market value equal to, or in excess of, the principal amount loaned.

(u) Undrawn loan commitments and guarantees

Financial guarantee contracts are contracts that require the Bank (issuer) to make specified payments to reimburse the holder for a loss it incurs because specified debtor(s) fail(s) to make payment when due in accordance with the original or modified terms of the debt instrument(s).

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Initial Measurement

Financial guarantees issued and commitments are initially measured at fair value.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Subsequent Measurement

Financial guarantees issued are subsequently 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.

The Bank has issued no loan commitments that are measured at FVTPL. Liabilities arising from financial guarantees and loan commitments are included within provisions.

The Bank conducts business involving commitments to customers. The majority of these facilities are set-off by corresponding obligations of third parties.

Contingent liabilities and commitments comprise usance lines and letters of credit. Usance and letters of credit are agreements to lend to a customer in the future subject to certain conditions.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. Letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the Customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Contingent liabilities and commitments are initially recognised at fair value which is also generally equal to the fees received and amortised over the life of the commitment.

The carrying amount of contingent liabilities are subsequently measured at the higher of the present value of any expected payment when a payment under the contingent liability has become probable and the unamortised fee.

(v) Credit risk mitigation

The Bank employs a range of techniques and strategies to actively mitigate credit risk. These can broadly be divided into three types:

- Netting and Set-off
- Collateral (Cash and Non-Cash)

Netting and Set-off

Credit risk exposures can be reduced by applying netting and set-off. For derivative transactions, the Bank's normal practice is to enter into standard master agreements with counterparties. These master agreements typically allow for netting of credit risk exposure to a counterparty resulting from derivative transactions against the obligations to the counterparty in the event of default, and so produce a lower net credit exposure. These agreements may also reduce settlement exposure on foreign exchange transactions by allowing payments on the same day in the same currency to be set-off against one another.

Cash Collateral

The Bank can call on collateral in the event of default of the counterparty, comprising:

- **Derivatives:** the Bank also often seeks to enter into a margin agreement with counterparties with which the Bank has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis.
- **Financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Non-Cash Collateral

The Bank can call on collateral in the event of default of the counterparty, comprising:

- **Investment mortgage:** a fixed charge over residential property in the form of houses, flats, and other dwellings.
- **Guarantees** received by the Bank.
- **Other collateral** comprising confirmation letters, assignment of proceeds on letters of credit, debentures over fixed and floating assets and other forms of collateral.

Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet.

The Bank cannot use, sell, or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

(w) New standards and interpretations that Became Effective for an accounting period that begins on or after 1 January 2024

Non-Current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current- Amendments to IAS1

The amendments modify the requirements introduced by *Classification of Liabilities as Current or Non-current* as follows:

The classification of covenants as current or non-current should be based on only covenants with which reporting entities are required to comply on or before the reporting date.

In addition, an entity is required to disclose information in the notes that enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

There is no impact to the Bank as there are no Non-Current Liabilities with Covenants that require the Bank to adopt these amendments.

Supplier Finance Arrangements- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments

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

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

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

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

There is no impact to the Bank as there are no Supplier Finance arrangements or transactions that require the Bank to adopt these amendments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Lease Liability in a Sale and Leaseback- Amendments to IFRS 16

The amendments require subsequent measurement of lease liabilities relating to leaseback arrangements to be calculated in such a way which ensures that gain or loss relating to the right retained is not recognised.

The new requirements, however, do not prevent a seller-lesser from recognising in profit or loss, any gain or loss relating to the partial or full termination of a lease requires 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 new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

There is no impact to the Bank as there are no Supplier Finance arrangements or transactions that require the Bank to adopt these amendments.

(x) Future accounting developments

As at 31 December 2024, a number of standards and interpretations, and amendments thereto, had been issued by the IASB, which are not effective for the Bank's financial statements as at 31 December 2024. These are as follows:

- Lack of Interchangeability – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- Classification and Measurement of Financial Instruments- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments; Disclosures*
- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

Lack of Interchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates, introduced guidance to address situations where a lack of interchangeability exists between two currencies. These amendments provide greater clarity on how entities should determine the exchange rate to use when translating foreign currency transactions and balances under such circumstances.

The amendments aim to improve the consistency, reliability, and transparency of financial reporting when entities operate in environments where foreign exchange restrictions or other factors impair currency interchangeability.

The amendments define a lack of interchangeability as a situation where an entity is unable to exchange one currency for another through a legal market, at an exchange rate that is reasonably expected to be accessible to the entity.

When a lack of interchangeability arises, entities are required to identify an alternative observable exchange rate. If such a rate is not available, entities must estimate the rate that would have been applied in an orderly exchange transaction between market participants at the measurement date.

Entities must disclose the nature and circumstances that result in the lack of interchangeability, including the currencies affected, the extent of the impact on financial performance and position, and the methodology used to estimate the exchange rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. Entities are required to apply the amendments retrospectively in accordance with IAS 8, unless impracticable.

The amendments are yet to be endorsed by the UK Endorsement Board ("UKEB").

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

Classification and Measurement of Financial Instruments- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments; Disclosures

Amendments to IFRS 9 and IFRS 7 were issued to

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ("SPPI") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ("ESG") targets); and
- update the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ("FVOCI").

The new requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted and are yet to be endorsed by the UKEB.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces a more structured approach to the income statement, including a newly defined operating profit subtotal and a requirement to classify all income and expenses into three distinct categories based on the company's principal business activities. These changes aim to improve the comparability and clarity of financial performance reporting.

The standard addresses the widespread use of non-GAAP measures, which companies often employ to provide investors with additional insights into their financial performance. IFRS 18 now mandates that certain management performance measures ("MPMs") be disclosed within the financial statements. These MPMs are defined as subtotals of income and expenses that:

- Are used in public communications outside the financial statements, and
- Reflect management's view of the entity's financial performance.

For each MPM disclosed, companies are required to:

1. Provide a single explanatory note detailing the relevance and usefulness of the measure.
2. Explain how the measure is calculated.
3. Reconcile the measure to amounts determined under IFRS Accounting Standards.

These requirements enhance transparency and provide users of financial statements with clearer and more meaningful information about a company's performance.

The Standard clarifies when material information should be included in the primary financial statements versus when it should be further disaggregated in the notes.

IFRS 18 discourages the use of vague labels such as "other" without providing detailed disclosures. Where such terms are used, enhanced explanations are now required to ensure transparency and improve the interpretability of financial statements.

The new standard will be effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted and are yet to be endorsed by the UKEB.

The Bank is currently reviewing the presentational impact and will reflect the changes in subsequent financial statements. However, the Bank does not anticipate any financial impact of complying with this Standard.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2 Basis of preparation and material accounting policy information (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

For eligible subsidiaries, IFRS 19 specifically disapplies most of the disclosure requirements contained in IFRS and instead mandates disclosures based on the IFRS for Small and Medium-sized Enterprises ("SMEs"). There are however no exemptions from presenting all of the primary financial statements required by IFRS.

Early application is also permitted with additional requirements applying where IFRS 19 is applied earlier than IFRS 18 Presentation and Disclosure in Financial Statements.

The new standard will be effective for annual reporting periods beginning on or after 1 January 2027 and are yet to be endorsed by the UKEB.

3 Critical accounting judgements and key sources of estimation uncertainty

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Bank's principal accounting policies are set out above. UK company law and UK-adopted IAS, require the Directors to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The Directors consider that the estimates made in respect of the impairment of loans and advances are appropriate for the preparation of these financial statements.

Critical accounting estimates and judgements are disclosed in:

- Expected Credit Loss ("ECL") under Note 36
- Taxation under Note 12

3.1 Impairment of all financial assets – key judgements

All loans and advances are assessed for impairment. In determining whether a specific impairment loss should be recorded in profit or loss, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger. In determining the appropriate level of impairment and estimating future cash flows, management makes judgements about the level of financial difficulty of the debtor, and the probability that the debtor will enter bankruptcy or financial reorganisation. Significant delinquency in payments is also considered. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk department.

Some of the key concepts in IFRS 9 (which have already been noted within the accounting policies section) that have the most significant impact and require a high level of judgement are:

Judgements

The following represent critical judgements adopted:

- Ascertaining what constitutes Significant Increase in Credit Risk ("SICR").
- Making management adjustments for data limitations including non-availability of external credit ratings for some corporate customers.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates

The following approach was adopted to determine estimates:

- Selecting and calibrating the PD, LGD and EAD models that support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions. The Bank determines PD to be the most critical estimate.
- Selecting model inputs including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected loss.

During the year, the Bank refined the methodology used to measure expected credit losses, to better reflect current economic realities and uncertainties.

The financial impact of the downturn in global economies on the Bank's financial instruments was reassessed with changes made to the Probability of Default ("PD") rates. New possible loss scenarios were identified, and probability weightings were ascertained and assigned to each scenario. Judgement was also applied, based on our credit experience with the Bank's clients.

The section entitled, 'Measurement uncertainty and sensitivity analysis of ECL estimates' sets out the assumptions used in determining ECL and provides an indication of the sensitivity of different weightings and changes to PD being applied under different scenarios.

The Board has delegated the review and approval of judgments and assumptions applied to the Executive Committee ("EXCO") and Management Credit Committee ("MCC"). Discussions are held regarding assumptions at MCC.

Please refer to Note 36 for further details on consideration on sources of estimation and sensitivity analysis.

4 Interest income

	2024 US$	2023 (Restated) US$
Financial instruments at amortised cost:		
Cash and cash equivalents	**19,552,294**	24,821,731
Securities measured at amortised cost	**15,752,689**	13,724,139
Loans and advances to banks	**9,835,896**	12,085,345
Loans and advances to customers	**35,986,024**	32,671,339
	81,126,923	83,302,554
Securities measured at fair value through other comprehensive income	**69,350,781**	64,154,084
Total	**150,477,684**	147,456,638

Interest income recognised during the year from financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled US$ 150,477,684 (2023: US$ 147,456,638) and is calculated using effective interest rate method.

An amount of US$ 559,246, which was previously recorded under *Interest Income* has been reclassified to *Fixed Income Securities Trading Gain/(Loss)* (see Note 7).

The restatement reflects interest accrued on fixed income securities held for trading, which forms part of the carrying amount of the instrument traded and is used to determine the net gain or loss arising on sale of these trading assets. The adjustment aligns the presentation of interest income with the measurement and recognition principles for trading instruments under IFRS 9 *Financial Instruments*.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4 Interest income (continued)

The following table summarises the impact on the Bank's financial statements:

	Impact of correction of error		
Interest income US$	As previously reported	Adjustment	As restated
Interest income on Securities measured at fair value through profit or loss	559,246	(559,246)	–
Fixed Income Securities Trading Gain/(Loss)	1,392,350	559,246	1,951,596
Impact on Profit	–	–	–
Impact on Total comprehensive income	–	–	–

Other than the correction to the Fixed Income Securities Trading Gain/(Loss) and Interest Income, there is no impact on the Bank's operating, investing, or financing cashflows for the years ended 31 December 2024 and 2023.

5 Interest expense

	2024 US$	2023 US$
Deposits from banks	**27,559,788**	21,954,330
Deposits from customers	**42,229,904**	29,814,543
	69,789,692	51,768,873
Interest expense on Right-of-use Lease liability	**346,769**	18,326
Total	**70,136,461**	51,787,199

Interest expense recognised during the year from financial liabilities measured at amortised cost is calculated using effective interest rate method.

6 Fee and commission income

	2024 US$	2023 US$
Loan fees	**1,419,024**	1,880,630
Trade Finance fees	**7,144,214**	7,604,275
Payment Commission	**703,912**	675,436
Custodial and Other fees	**405,995**	243,577
Total	**9,673,145**	10,403,918

'Custodial and Other fees' in the above table mainly comprise of custodial, banking and investment fees.

7 Trading income

	2024 US$	2023 (Restated) US$
Derived from:		
Fixed Income Securities Trading Gain/(Loss)	**3,169,582**	1,951,596
Forex Trading Gain	**786,280**	1,098,016
Total	**3,955,862**	3,049,612

The comparatives for Fixed Income trading includes an amount of US$ 559,246, which represents interest accrued on Fixed Income Securities that was previously classified under Interest Income (See Note 4).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8 Fair value movement on financial derivatives (net)

	2024 US$	2023 US$	PL Impact US$
Forward foreign exchange contracts:			
Receivable	**1,517,779**	2,410,504	(892,725)
(Payable)	**(3,094,465)**	(529,436)	(2,565,029)
Total	**(1,576,686)**	1,881,068	(3,457,754)

	2023 US$	2022 US$	PL Impact US$
Forward foreign exchange contracts:			
Receivable	**2,410,504**	2,217,579	192,925
(Payable)	**(529,436)**	(455,372)	(74,064)
Total	**1,881,068**	1,762,207	118,861

The fair value of our financial derivatives, comprising foreign exchange forwards, changed from a receivable of US$ 1,881,068 to a payable of US$ 1,576,686 (2023: from a receivable of US$ 1,762,207 in 2022 to a receivable of US$ 1,881,068) during the year, resulting in a loss of US$ 3,457,754 (2023: gain of US$ 118,861) which has been recognised in the profit or loss.

The change in fair value is due to changes in market interest rates or foreign exchange rates. The fair value of our derivatives is determined using quoted prices in active markets.

9 Exchange differences

	2024 US$	2023 US$
Exchange differences	**2,466,208**	(1,383,919)
Total	**2,466,208**	(1,383,919)

Foreign exchange gains of US$ 2,466,208 (2023: US$ 1,383,919 losses) recognised are primarily due to strengthening of US Dollar against Pound Sterling. This resulted from the translation of foreign currency denominated monetary assets and liabilities at the year-end exchange rate.

10 Personnel expenses

	2024 US$	2023 US$
Employment costs are as follows:		
Wages and salaries – staff	**17,260,999**	16,848,745
Wages, salaries and other - Directors	**752,880**	588,510
Non-executive Directors' fees and emoluments	**735,705**	524,050
Pension contributions under defined contribution scheme	**1,880,961**	1,585,286
Compulsory social security obligations	**2,276,615**	1,958,122
Other staff costs	**839,784**	906,763
Total	**23,746,944**	22,411,476
Number of employees at year end including Directors	**153**	136
Average number of employees during the year including Directors	**146**	135

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

10 Personnel expenses (continued)

During the year, only one Director was part of the Bank's defined contribution scheme (2023: one).

On average, the Bank had 31 (2023: 31) employees involved in customer facing roles and 115 (2023: 105) in administration.

Included within employment costs are:

	2024 US$	2023 US$
Directors' remuneration and fees		
Directors' fees, emoluments, salaries and other	1,488,585	1,112,560
Pension contributions	45,486	41,429
Social security obligations	237,358	180,816
Total	1,771,429	1,334,805

The highest paid Director who served during 2024 received total emoluments of US$ 752,880 (2023: US$ 588,510), their pension contributions were US$ 45,486 (2023: US$ 41,429) and social security obligations were US$ 120,139 (2023: US$ 96,999).

11 Other expenses

	2024 US$	2023 US$
Premises cost	2,321,859	1,263,342
Brokerage	734,393	1,174,907
Hardware procurement, maintenance, and server hosting	2,416,606	2,343,826
Information service cost	985,026	1,091,647
Total fees paid to the auditors	1,120,964	1,122,444
Professional fees	1,456,994	626,305
Others	2,785,458	977,985
Total	11,821,300	8,600,456

Hardware procurement, maintenance and server hosting in the table above includes purchase of computer peripherals and hardware which are individually below the Bank's capitalisation threshold and are therefore expensed outrightly. It also includes expenses such as leasing of printers.

Auditors' remuneration:		
Audit of UK statutory financial statements	743,845	726,608
Audit related assurance services:		
Group Reporting	261,677	281,108
Internal Control over Financial Reporting (for Zenith Group Reporting)	65,250	63,738
Other assurance services:		
Client Money and Custody Assets ("CASS") Audit	50,192	50,990
Total	1,120,964	1,122,444

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

12 Income tax expense

The tax charge in the Statement of comprehensive income for 2024 is US$ 14,031,518 (2023: US$ 17,956,240). These can be reconciled to the profit per the Statement of comprehensive income as follows:

	2024 US$	2023 US$
Profit before taxation	56,254,867	72,793,651
Corporate tax - current year	13,553,590	17,745,025
Corporate tax - total	13,553,590	17,745,025
Deferred tax - current year	477,928	211,215
Deferred tax - total	477,928	211,215
Total tax charge	14,031,518	17,956,240
Effective tax rate	24.94%	24.67%
Profit multiplied by the UK corporation effective tax rate of 25.00% (2023: 23.50%)	14,063,717	17,106,508
Effects of:		
– Banking surcharge	–	808,673
– Expenses not deductible for tax	3,640	24,215
– Tax incentives	–	(27,398)
– Tax calculation differences due to changes in tax rates during the year	–	44,242
– Exchange rate differences	(35,839)	–
Actual total tax charge	14,031,518	17,956,240

The Directors do not recommend the payment of a dividend. There is no tax implication for payment or non-payment of dividend.

The corporation tax rate increased from 19% to 25% with effect from 1 April 2023 in line with the Government's announcement in 2022.

Factors that may affect future tax charges:

The Directors have reviewed the level of the deferred tax asset of US$ 1,024,013 (2023: US$ 2,958,195) carried forward and believe that this is fairly stated. The recovery of the recognised deferred tax asset depends on the expected generation of future taxable profits. The deferred tax balance as at 31 December 2024 has been recognised at the 25% rate (2023: 25%).

The banking surcharge allowance increased from GBP 25 million to GBP 100 million and the banking surcharge rate reduced from 8% to 3% effective April 2023.

Base Erosion and Profit-Sharing Pillar Two Framework

During the year, the UK Government enacted legislation aligned with the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting Pillar Two Framework, introducing a global minimum tax rate of 15%. The Global Anti-Base Erosion Rules, commonly referred to as "Pillar Two" or "GloBE," were established to address tax risk on an international scale. These regulations became effective on 31 December 2024.

Under the OECD and G20 Inclusive Framework, plans were unveiled to enforce a global minimum tax rate of 15%. On 11 July 2023, the UK Government enacted legislation to implement the global minimum tax rules, alongside a UK domestic minimum tax. Additionally, the Bank may be subject to Qualifying Domestic Minimum Top-up Taxes ("QDMTT") under the Pillar Two rules.

The Bank has adopted the International Tax Reform – Pillar Two Model Rules amendments to IAS 12 and has also applied the exception regarding the recognition and disclosure of information regarding deferred tax assets and liabilities that are related to Pillar Two income taxes.

Based on the structure that is in place at the reporting date, the Bank does not anticipate that any significant tax liability will arise due to the application of the rules and will continue to monitor changes in these rules.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

13 Cash and cash equivalents

	2024 US$	2023 US$
Petty cash	31,815	33,832
Cash with other banks	59,733,970	57,594,463
Money market placements	420,467,555	218,441,272
Total	480,233,340	276,069,567

The above table reflects money market placements, with maturities of less than 90 days from the origination date.

The Bank has thirteen pledges of US$ 145,026,246 as at reporting date which relate to collateral deposits held with other banks in respect of foreign currency transactions (such as derivatives) and clearing activities undertaken on behalf of the Bank (2023: thirteen pledges of US$ 104,338,580).

Of the amount held as Cash and cash equivalents, US$ 151,163,828 represents deposit received for Letters of Credit ("LCs") issued by various financial institutions (2023: US$ 92,653,992).

14 Loans and advances to banks

	2024 US$	2023 US$
Loans and advances to banks	76,435,140	31,862,087
Trade bills discounted and refinanced	36,973,207	122,938,135
	113,408,347	154,800,222
Less: IFRS 9 Impairment loss allowance (Note 19a)	(764,677)	(923,419)
Total	112,643,670	153,876,803

15 Loans and advances to customers

	2024 US$	2023 US$
Loans and advances to individuals	4,845,708	5,825,276
Loans and advances to corporates and other borrowers	442,063,498	353,822,350
	446,909,206	359,647,626
Less: IFRS 9 Impairment loss allowance (Note 19a)	(3,305,951)	(6,190,103)
Total	443,603,255	353,457,523

Loans and advances to individuals mainly represent advances to investment mortgage clients and are secured by the respective properties.

16 Securities measured at fair value through profit or loss

	2024 US$	2023 US$
Securities (Bonds issued by Sovereigns, Multilateral Development Banks)	4,295,068	5,106,226
Total	4,295,068	5,106,226

All securities in this portfolio are directly held by the Bank.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

17 Securities measured at fair value through other comprehensive income

	2024 US$	2023 US$
HQLAs (US, UK, and France Government Treasury Bills)	811,975,065	1,047,452,639
Other HQLAs (Bonds issued by Multilateral Development Banks)	291,462,752	390,886,267
Other securities (Bonds issued by Banks, Corporates and Sovereigns)	269,586,819	224,174,560
Total	1,373,024,636	1,662,513,466

Included in 'Other HQLAs (Bonds issued by Multilateral Development Banks)' above are 16 (2023: 15) floating interest rate bonds with a nominal value of US$ 245,681,000 in the current year (2023: US$ 321,048,000).

18 Securities measured at amortised cost

	2024 US$	2023 US$
Fixed interest rate bonds	221,955,780	211,606,407
Less: IFRS 9 Impairment loss allowance (Note 19a)	(8,419,460)	(13,766,922)
Total	213,536,320	197,839,485

19 Impairment allowance

19a Movements in Impairment:

	2024 US$	2023 US$
Opening balance	(22,373,887)	(21,602,813)
(Charge)/reversal for the year – IFRS 9 Expected Credit Loss (P&L impact)	7,764,936	(964,924)
(Charge)/reversal for the year – IFRS 9 Expected Credit Loss (OCI impact)	460,195	193,850
Total (charge)/reversal for the year – IFRS 9 Expected Credit Loss	8,225,131	(771,074)
Closing balance	(14,148,756)	(22,373,887)

Breakdown of IFRS 9 Impairment loss allowance is presented as follows:

	2024 US$	2023 US$
Securities measured at fair value through other comprehensive income	(1,033,248)	(1,493,443)
Securities measured at amortised cost (Note 18)	(8,419,460)	(13,766,922)
Loans and advances to banks (Note 14)	(764,677)	(923,419)
Loans and advances to customers (Note 15)	(3,305,951)	(6,190,103)
Impairment on off- balance sheet assets - Undrawn commitments	(625,420)	–
Closing balance	(14,148,756)	(22,373,887)

The impairment allowance on "Securities measured at Fair Value through Other Comprehensive Income" is recognised in the FVOCI Reserve.

'Impairment on off- balance sheet assets' represents ECL allowance on undrawn committed Corporate facilities, which are expected to be drawn within the next twelve months.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

19 Impairment allowance (continued)

19b Loss on derecognition:

US$	2024	2023
Carrying amount of derecognised instruments	18,534,389	–
Fair value of assets issued in replacement	11,048,380	–
Net loss on derecognition	(7,486,009)	–

During 2024, the Bank recognised losses of US$ 7,486,009 on its exposures to Ghana due to the debt restructuring exercise undertaken by the Ghanaian Government. The restructured instruments have been assessed for lifetime ECL under Stage 2.

Due to a degree of subjectivity regarding the financial difficulties of the Ghanaian Government, a Post Model Adjustment ("PMA") was applied.

To account for the likelihood that these financial difficulties could persist and result in future defaults despite the successful restructuring exercise, the Expected Credit Loss for this exposure was reassessed by increasing Probability of Default ("PD") to 100% rather than applying the relevant PD for that exposure under Stage 2 for IFRS 9 purposes.

The assessment resulted in additional allowance of US$ 3,290,052. This adjustment has been discussed at Management Credit Committee ("MCC"), recognised in the Bank's books and included in Expected Credit Loss allowance disclosed in Note 36 under the relevant exposure categories.

20 Right-of-use assets

	2024 US$	2023 US$
Cost		
Balance at beginning of the year	4,959,350	4,959,350
Additions	8,243,456	–
Dilapidation provision	169,398	–
Balance at end of the year	13,372,204	4,959,350
Accumulated amortisation		
Balance at beginning of the year	3,741,897	2,930,262
Charge on right-of-use assets	937,249	811,635
Balance at end of the year	4,679,146	3,741,897
Net book value		
Balance at end of the year	8,693,058	1,217,453
Balance at beginning of the year	1,217,453	2,029,088

Right-of-use assets represent building leases on the Bank's offices. During the year, the lease was renewed for a ten-year period until January 2034.

As part of ZBUK's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2024 and 2034 as the leases terminate.

The provision has been estimated based on actual expenditure incurred on dilapidations and estimated lease termination dates. An amount of US$ 169,398 has been capitalised with the cost of the Right-of-use assets with a corresponding liability recognised as provisions (See Note 33).

The maturity analysis of outstanding lease liabilities under IFRS 16 is presented under Note 36.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

21 Property and equipment

	Leasehold improvements US$	Computer equipment US$	Furniture, fixtures, and fittings US$	Total US$
Cost				
Balance as at 1 January 2024	1,820,507	219,085	203,800	2,243,392
Additions	–	62,128	–	62,128
Balance as at 31 December 2024	**1,820,507**	**281,213**	**203,800**	**2,305,520**
Accumulated depreciation				
Balance as at 1 January 2024	1,536,882	155,076	197,784	1,889,742
Charge for the year	201,291	40,177	5,843	247,311
Balance as at 31 December 2024	**1,738,173**	**195,253**	**203,627**	**2,137,053**
Net book value				
Balance as at 31 December 2024	**82,334**	**85,960**	**173**	**168,467**

	Leasehold improvements US$	Computer equipment US$	Furniture, fixtures, and fittings US$	Total US$
Cost				
Balance as at 1 January 2023	1,820,507	158,897	203,800	2,183,204
Additions	–	60,188	–	60,188
Balance as at 31 December 2023	**1,820,507**	**219,085**	**203,800**	**2,243,392**
Accumulated depreciation				
Balance as at 1 January 2023	1,322,614	113,658	190,337	1,626,609
Charge for the year	214,268	41,418	7,447	263,133
Balance as at 31 December 2023	**1,536,882**	**155,076**	**197,784**	**1,889,742**
Net book value				
Balance as at 31 December 2023	**283,625**	**64,009**	**6,016**	**353,650**

Property and equipment have economic useful lives of over one year from the reporting date.

As at 31 December 2024, the Bank has approved a budget allocation of US$ 2,493,033 for Information Technology (IT) related capital costs (2023: US$ 3,545,363). This includes software purchases, hardware acquisitions, infrastructure upgrades, consultancy services, and any other IT-related initiatives.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

22 Intangible assets

	2024 US$	2023 US$
Cost		
Balance at beginning of the year	3,904,386	3,575,948
Additions	2,173,626	328,438
Balance at end of the year	6,078,012	3,904,386
Accumulated amortisation		
Balance at beginning of the year	3,132,431	2,582,278
Charge for the year	499,549	550,153
Balance at end of the year	3,631,980	3,132,431
Net book value		
Balance at end of the year	2,446,032	771,955
Balance at beginning of the year	771,955	993,670

Intangible assets represent software licences purchased and internally developed software and have economic useful lives of over one year from the reporting date.

The analysis of Intangible assets still outstanding in the books for current year is as follows:

2024 US$ Useful life	Count	Cost	Accumulated amortisation	NBV
2025	7	529,289	396,435	132,854
2026	21	290,726	148,829	141,897
2027	4	2,132,136	82,634	2,049,502
2028	1	70,000	43,525	26,475
2029	1	161,490	66,186	95,304
Total	**34**	**3,183,641**	**737,609**	**2,446,032**

2023 US$ Useful life	Count	Cost	Accumulated amortisation	NBV
2024	22	1,328,017	1,204,215	123,802
2025	7	529,289	219,522	309,767
2026	21	290,726	51,655	239,071
2027	1	70,000	36,511	33,489
2028	1	120,000	54,174	65,826
Total	**52**	**2,338,032**	**1,566,077**	**771,955**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

23 Current tax assets

	2024 **US$**	2023 US$
Opening balance	**(569,334)**	1,223,535
Current year tax	**–**	17,745,025
Tax payments	**–**	(19,414,513)
Translation difference	**49,844**	(123,381)
Closing balance	**(519,490)**	(569,334)

24 Deferred tax assets

2024 **Type**	**Brought forward US$**	**Credit for the year - P&L US$**	**Credit for the year - OCI US$**	**Write-off US$**	**Carried forward US$**
Accelerated capital allowances	(128,404)	(176,014)	–	–	(304,418)
Provisions	41,633	(41,633)	–	–	–
IFRS 9 transitional adjustments	1,046,238	(261,559)	–	–	784,679
FVOCI reserve	2,000,006	–	(1,456,254)	–	543,752
Other adjustments	(1,278)	–	–	1,278	–
Total	**2,958,195**	**(479,206)**	**(1,456,254)**	**1,278**	**1,024,013**

2023 Type	Brought forward US$	Credit for the year - P&L US$	Credit for the year - OCI US$	Write-off US$	Carried forward US$
Accelerated capital allowances	(160,027)	31,623	–	–	(128,404)
Provisions	22,911	18,722	–	–	41,633
IFRS 9 transitional adjustments	1,307,798	(261,560)	–	–	1,046,238
FVOCI reserve	5,857,608	–	(3,857,602)	–	2,000,006
Other adjustments	–	–	–	(1,278)	(1,278)
Total	**7,028,290**	**(211,215)**	**(3,857,602)**	**(1,278)**	**2,958,195**

Deferred tax assets are recognised for accelerated depreciation and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

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.

Deferred tax assets relate to temporary differences which are expected to reverse after one year from the reporting date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

25 Other assets

	2024 US$	2023 US$
Prepayments	3,359,246	1,401,103
Card collateral placement	1,145,000	–
Custodial fee receivables	1,079,922	602,721
VAT related receivables	762,704	255,236
Coupon receivables	606,229	337,648
Other receivables	395,752	343,934
Total	7,348,853	2,940,642

Prepaid expenses amounting to US$ 1,073,441 (2023: US$ 96,165) pertain to unexpired license for use of core banking and regulatory compliance systems. These are due to expire in more than one year from the reporting date.

All other prepaid items will expire within one year from the reporting date.

'Card collateral placement' represents cash placed with another financial institution under a standby letter of credit issued by the Bank.

'Other receivables' mainly comprises accrued charges.

26 Deposits from banks

	2024 US$	2023 US$
Term deposits	384,919,804	287,013,764
Demand deposits	900,913,904	996,706,326
Total	1,285,833,708	1,283,720,090

Term deposits include available-on-call cash collateral placed with the Bank by the Parent company of US$ 134,054,093 (2023: US$ 90,666,492) against which Trade Finance business is written. Demand deposits include interest-free funds from the Central Bank of Nigeria.

27 Deposits from customers

	2024 US$	2023 US$
Term deposits	722,414,346	857,683,508
Demand deposits	139,902,214	120,607,965
Saving deposits	8,932,698	7,290,148
Total	871,249,258	985,581,621

28 Repurchase agreements and other similar secured borrowing

The Bank enters into transactions in the normal course of business by which it transfers recognised financial assets directly to third parties. Such financial assets are debt securities (Securities measured at amortised cost and Securities measured at fair value through other comprehensive income) held by counterparties under repurchase agreements and do not qualify for derecognition.

The following table analyses the carrying amount of such financial assets as at 31 December that did not qualify for derecognition and their associated financial liabilities:

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

28 Repurchase agreements and other similar secured borrowing (continued)

	2024 US$	2023 US$
Repayable in not more than three months	**75,092,319**	9,353,528
Repayable in more than three months but less than one year	**–**	27,910,327
Repayable in more than one year but less than five years	**13,872,698**	8,728,160
Total	**88,965,017**	45,992,015

	2024 Carrying amount of transferred assets US$	**2024 Carrying amount of associated liabilities US$**	2023 Carrying amount of transferred assets US$	2023 Carrying amount of associated liabilities US$
Nature of transaction				
Repurchase agreements	**115,852,181**	**88,965,017**	56,291,280	45,992,015
Total	**115,852,181**	**88,965,017**	56,291,280	45,992,015

The financial assets pledged as collateral for repurchase agreements are subject to standard terms and conditions such as the ability of the counterparty to take ownership of the collateral if the bank defaults on its payment under the repurchase agreement.

When non-cash assets are pledged or transferred as collateral in exchange for cash, the assets continue to be fully recognised in the Bank's Statement of Financial Position, with a corresponding liability recorded. Conversely, when non-cash assets are pledged or transferred as collateral in exchange for other non-cash assets, the transferred assets remain fully recognised, and no corresponding liability is recorded, as the received non-cash collateral is not recognised in the Statement of Financial Position.

The Bank does not have the right to sell, pledge, or otherwise utilise the transferred assets for the duration of the transaction and remains exposed to interest rate and credit risks associated with these pledged assets. Unless otherwise specified, the counterparty's recourse is not limited to the transferred assets.

29 Derivative financial assets/ liabilities

	2024 US$	2023 US$
29a Derivative financial assets	**1,517,779**	2,410,504
29b Derivative financial liabilities	**(3,094,465)**	(529,436)

Derivative financial assets/ liabilities arise from the revaluation of financial derivatives held by the Bank for economic hedging purposes. These are mainly short-term foreign exchange contracts. These are held for day-to-day cash management rather than for trading purposes and are held at fair value. All derivative contracts open at the year-end have intended settlement dates within twelve months.

See Note 8 for PL impact.

All derivative financial instruments are considered to be level two for IFRS 13 purposes and are priced with reference to observable market data.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

29 Derivative financial assets/ liabilities (continued)

The following table shows an analysis of counterparty credit exposures arising from derivative transactions:

	Over-the-counter			
2024 US$	**Notional amount**	**Fair value**	**Collateral (received)/ posted**	**Net exposure**
Derivative assets	132,352,255	1,517,779	(256,648)	1,261,131
Derivative liabilities	95,391,226	(3,094,465)	2,284,930	(809,535)

	Over-the-counter			
2023 US$	Notional amount	Fair value	Collateral (received)/ posted	Net exposure
Derivative assets	158,774,578	2,410,504	(3,017,644)	(607,140)
Derivative liabilities	38,391,581	(529,436)	1,526,790	997,354

30 Current tax liabilities

	2024 US$	2023 US$
Opening balance	–	–
Current year tax	13,553,590	–
Tax payments	(11,483,449)	–
Translation difference	–	–
Closing balance	2,070,141	–

31 Lease liability

Movements in Lease liability:

	2024 US$	2023 US$
Opening balance	1,055,479	1,852,896
Additions during the year	8,243,456	–
Payments made during the year	(672,177)	(926,335)
Interest expense on Right-of-use lease liability	346,769	18,326
FX Translation difference	(153,607)	110,592
Closing balance	8,819,920	1,055,479

The Bank has short-term leases for its Dubai and Paris branches, with terms of less than one year. In accordance with IFRS 16, these leases are expensed directly and are not recognised as right-of-use assets and lease liabilities.

For 2024, an amount of US$ 541,553 has been recognised as lease expense in the income statement (2023: US$ 59,125). This has been included as part of Premises cost under Note 11.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

32 Other Liabilities

	2024 US$	2023 US$
Accruals	4,497,171	6,310,021
Other payables	1,576,187	874,760
Total	6,073,358	7,184,781

'Accruals' relate to bonuses US$ 2,384,120 (2023: US$ 4,431,350), legal fees US$ Nil (2023: US$ 54,370), audit fees US$ 752,879 (2023: US$ 860,562), bank charges US$ 254,238 (2023: US$ 127,756), professional fees US$ Nil (2023: US$ Nil), personnel costs related deductions of US$ 733,503 (2023: US$ 670,458) and others of US$ 372,431 (2023: US$ 165,525). These are current items which will be paid during the next financial year.

'Other payables' reflects current items and mainly comprises payments received from ordering banks in favour of third-party beneficiaries, unearned income, current obligations regarding pension and tax deducted from personnel salaries. All items under 'Other payables' are current and will be paid during the next financial year.

During the year, pension costs of US$ 1,880,961 were charged to the income statement (2023: US$ 1,585,286). Pension obligations outstanding on 31 December 2024 were US$ Nil (2023: US$ 166,531).

33 Provisions

Provision represents estimated expenditure to be incurred at the end of the lease and has been calculated using historical experience of actual expenditure incurred on dilapidations. An amount of US$ 169,398 has been recognised in the balance sheet (2023: US$ Nil). See Note 20.

Cash outflows are not anticipated until the lease term concludes in January 2034, assuming no further renewal.

34 Commitments and contingencies

Trade finance contingencies

	2024 US$	2023 US$
Letters of credit and acceptances (including cash-backed)	195,722,434	129,589,759
Guarantees	17,153,026	12,673,989
Undrawn committed facilities	26,113,617	–
Total	239,989,077	142,263,748
Cash collateral and other high-quality mitigations (see Note 36)	482,396,664	401,101,025

Cash collateral and other high-quality mitigations include cash, property/real estate, guarantees, back-to-back letters of credit and other forms of collateral.

ECL Impairment allowance on Undrawn committed facilities is disclosed above in Note 19. The Bank has Undrawn committed facilities of US$ 26,113,617 at the end of 2024 (2023: US$ Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

34 Commitments and contingencies (continued)

Sectoral breakdown of Commitments and contingencies:

Sector:

	2024 **US$**	2023 US$
General Commerce	**18,028,693**	6,207,989
Government	**15,197,293**	–
Finance and Insurance	**205,763,091**	136,055,759
Total	**238,989,077**	142,263,748

The maturity profile is presented in the table below:

2024	**Less than 3 months US$**	**Between 3 & 12 months US$**	**1 to 5 Years US$**	**Greater than 5 years US$**	**Total US$**
Trade finance contingencies					
Letters of credit and acceptances (including cash–backed)	58,049,085	127,121,496	10,551,853	–	195,722,434
Guarantees	715,000	16,438,026	–	–	17,153,026
Undrawn committed facilities	718,232	23,771,218	1,624,167	–	26,113,617
Total	**59,482,317**	**167,330,740**	**12,176,020**	**–**	**238,989,077**

2023	Less than 3 months US$	Between 3 & 12 months US$	1 to 5 Years US$	Greater than 5 years US$	Total US$
Trade finance contingencies					
Letters of credit and acceptances (including cash-backed)	27,330,575	81,566,359	20,547,825	145,000	129,589,759
Guarantees	2,466,000	10,207,989	–	–	12,673,989
Total	29,796,575	91,774,348	20,547,825	145,000	142,263,748

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35 Financial Instruments

Accounting classifications and fair values

Management expects the fair values of 'Loans and advances to banks' to approximate the book values given these are mostly short-term placements and/or attract floating rates. Valuation of 'Loans and Advances to customers' considers the impact of movement in credit spreads and other client specific risk factors.

The fair value of each class of financial assets and financial liabilities are shown in the statement of financial position as follows:

2024	Designated as at FVTPL US$	FVOCI - debt instruments US$	Amortised cost US$	Total carrying amount US$	Total fair value US$
Cash and cash equivalents	–	–	480,233,340	480,233,340	480,233,340
Securities measured at fair value through profit or loss	4,295,068	–	–	4,295,068	4,295,068
Securities measured at fair value through other comprehensive income	–	1,373,024,636	–	1,373,024,636	1,373,024,636
Securities measured at amortised cost	–	–	213,536,320	213,536,320	217,760,059
Loans and advances to banks	–	–	112,643,670	112,643,670	109,466,006
Loans and advances to customers	–	–	443,603,255	443,603,255	421,441,375
Derivative financial assets	1,517,779	–	–	1,517,779	1,517,779
Total financial assets	5,812,847	1,373,024,636	1,250,016,585	2,628,854,068	2,607,738,263
Deposits from banks	–	–	1,285,833,708	1,285,833,708	1,276,189,986
Deposits from customers	–	–	871,249,258	871,249,258	833,916,136
Repurchase agreements and other similar secured borrowing	–	–	88,965,017	88,965,017	84,879,495
Derivative financial liabilities	3,094,465	–	–	3,094,465	3,094,465
Total financial liabilities	3,094,465	–	2,246,047,983	2,249,142,448	2,198,080,082

2023	Designated as at FVTPL US$	FVOCI - debt instruments US$	Amortised cost US$	Total carrying amount US$	Total fair value US$
Cash and cash equivalents	–	–	276,069,567	276,069,567	276,069,567
Securities measured at fair value through profit or loss	5,106,226	–	–	5,106,226	5,106,226
Securities measured at fair value through other comprehensive income	–	1,662,513,466	–	1,662,513,466	1,662,513,466
Securities measured at amortised cost	–	–	197,839,485	197,839,485	195,836,812
Loans and advances to banks	–	–	153,876,803	153,876,803	147,870,736
Loans and advances to customers	–	–	353,457,523	353,457,523	343,374,965
Derivative financial assets	2,410,504	–	–	2,410,504	2,410,504
Total financial assets	7,516,730	1,662,513,466	981,243,378	2,651,273,574	2,633,182,276
Deposits from banks	–	–	1,283,720,090	1,283,720,090	1,274,697,031
Deposits from customers	–	–	985,581,621	985,581,621	943,200,878
Repurchase agreements and other similar secured borrowing	–	–	45,992,015	45,992,015	44,043,043
Derivative financial liabilities	529,436	–	–	529,436	529,436
Total financial liabilities	529,436	–	2,315,293,726	2,315,823,162	2,262,470,388

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35 Financial Instruments (continued)

Fair value hierarchy

The Bank regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then it assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

The Bank measures fair value using the following fair value hierarchy:

- Level 1 inputs are quoted prices (i.e., unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability (i.e., not based on observable market data).

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
	Financial instruments measured at fair value		
Forward exchange contracts and Non-Deliverable Forward Contracts (Level 2)	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date.	Not applicable.	Not applicable.
	Financial instruments not measured at fair value (i.e. amortised cost)		
Other financial assets* (Level 3)	Discounted cash flows: The valuation model considers the present value of expected contractual payments or receipts as applicable of principal and interest amounts, discounted using a risk-free discount rate for balances and currencies as follows: • Secured Overnight Funding Rate (SOFR) for US Dollar balances. • Sterling Overnight Index Average (SONIA) for GB Sterling balances • Euro Interbank Offered Rate (EURIBOR) for Euro balances	Other than contractual cashflows which are discounted in the methodology adopted, there are no unobservable inputs adopted in the Bank's fair valuation model.	The fair value depends on the contractual cashflows relating to the respective financial instruments.
Other financial liabilities** (Level 3)	Same as above.	Same as above.	Same as above.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35 Financial Instruments (continued)

Reconciliation of Level 3 Fair values

	2024 Assets US$	2024 Liabilities US$	2023 Assets US$	2023 Liabilities US$
Balance as at 1 January	491,245,701	2,261,940,952	465,759,603	2,755,731,745
Unrealised gains/(losses)	(1,671,314)	11,948,932	16,035,430	66,183,564
Disbursements	1,410,336,287	34,556,359,158	751,506,496	13,315,255,870
Repayments	(1,369,003,293)	(34,635,263,425)	(742,055,827)	(13,875,230,227)
Balance as at 31 December	530,907,381	2,194,985,617	491,245,701	2,261,940,952

* Other financial assets include Loans and advances to banks and Loans and advances to customers which are measured at amortised cost.

** Other financial liabilities include Deposits from banks, Deposits from customers and Repurchase agreements and other similar secured borrowing which are measured at amortised cost.

There has been no transfer of financial instruments between Level 1, Level 2, or Level 3 during the current and previous year. The change in fair value is not recognised in Statement of Other Comprehensive Income as it relates to financial assets and liabilities which are measured at amortised cost.

The following tables outline the fair value hierarchy of financial instruments at carrying amount:

2024	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Cash and cash equivalents	480,233,340	–	–	480,233,340
Securities measured at fair value through profit or loss	4,295,068	–	–	4,295,068
Securities measured at fair value through other comprehensive income	1,373,024,636	–	–	1,373,024,636
Securities measured at amortised cost	213,536,320	–	–	213,536,320
Derivative financial assets	–	1,517,779	–	1,517,779
Loans and advances to banks	–	–	112,643,670	112,643,670
Loans and advances to customers	–	–	443,603,255	443,603,255
	2,071,089,364	1,517,779	556,246,925	2,628,854,068

2024	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Liabilities				
Deposits from banks	–	–	1,285,833,708	1,285,833,708
Deposits from customers	–	–	871,249,258	871,249,258
Repurchase agreements and other similar secured borrowing	–	–	88,965,017	88,965,017
Derivative financial liabilities	–	3,094,465	–	3,094,465
	–	3,094,465	2,246,047,983	2,249,142,448

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35 Financial Instruments (continued)

2023	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Cash and cash equivalents	276,069,567	–	–	276,069,567
Securities measured at fair value through profit or loss	5,106,226	–	–	5,106,226
Securities measured at fair value through other comprehensive income	1,662,513,466	–	–	1,662,513,466
Securities measured at amortised cost	197,839,485	–	–	197,839,485
Derivative financial assets	–	2,410,504	–	2,410,504
Loans and advances to banks	–	–	153,876,803	153,876,803
Loans and advances to customers	–	–	353,457,523	353,457,523
	2,141,528,744	**2,410,504**	**507,334,326**	**2,651,273,574**

2023	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Liabilities				
Deposits from banks	–	–	1,283,720,090	1,283,720,090
Deposits from customers	–	–	985,581,621	985,581,621
Repurchase agreements and other similar secured borrowing	–	–	45,992,015	45,992,015
Derivative financial liabilities	–	1,058,872	–	1,058,872
	–	**1,058,872**	**2,315,293,726**	**2,316,352,598**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35 Financial Instruments (continued)

The following table summarises carrying amounts and fair value hierarchy of financial instruments:

	Carrying amount					Fair value			
2024	**Fair value through profit or loss US$**	**Held at amortised cost US$**	**Fair value through other comprehensive income US$**	**Other financial assets / liabilities at amortised cost US$**	**Total Carrying amount US$**	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total Fair value US$**
Cash and cash equivalents	–	480,233,340	–	–	480,233,340	480,233,340	–	–	480,233,340
Securities measured at fair value through profit or loss	4,295,068	–	–	–	4,295,068	4,295,068	–	–	4,295,068
Securities measured at fair value through other comprehensive income	–	–	1,373,024,636	–	1,373,024,636	1,373,024,636	–	–	1,373,024,636
Securities measured at amortised cost	–	213,536,320	–	–	213,536,320	217,760,059	–	–	217,760,059
Loans and advances to banks	–	112,643,670	–	–	112,643,670	–	–	109,466,006	109,466,006
Loans and advances to customers	–	443,603,255	–	–	443,603,255	–	–	421,441,375	421,441,375
Derivative financial assets	1,517,779	–	–	–	1,517,779	–	1,517,779	–	1,517,779
Total financial assets	**5,812,847**	**1,250,016,585**	**1,373,024,636**	**–**	**2,628,854,068**	**2,075,313,103**	**1,517,779**	**530,907,381**	**2,607,738,263**
Deposits from banks	–	–	–	1,285,833,708	1,285,833,708	–	–	1,276,189,986	1,276,189,986
Deposits from customers	–	–	–	871,249,258	871,249,258	–	–	833,916,136	833,916,136
Repurchase agreements and other similar secured borrowing	–	–	–	88,965,017	88,965,017	–	–	84,879,495	84,879,495
Derivative financial liabilities	3,094,465	–	–	–	3,094,465	–	3,094,465	–	3,094,465
Total financial liabilities	**3,094,465**	**–**	**–**	**2,246,047,983**	**2,249,142,448**	**–**	**3,094,465**	**2,194,985,617**	**2,198,080,082**

	Carrying amount					Fair value			
2023	Fair value through profit or loss US$	Held at amortised cost US$	Fair value through other comprehensive income US$	Other financial assets / liabilities at amortised cost US$	Total Carrying amount US$	Level 1 US$	Level 2 US$	Level 3 US$	Total Fair value US$
Cash and cash equivalents	–	276,069,567	–	–	276,069,567	276,069,567	–	–	276,069,567
Securities measured at fair value through profit or loss	5,106,226	–	–	–	5,106,226	5,106,226	–	–	5,106,226
Securities measured at fair value through other comprehensive income	–	–	1,662,513,466	–	1,662,513,466	1,662,513,466	–	–	1,662,513,466
Securities measured at amortised cost	–	197,839,485	–	–	197,839,485	195,836,812	–	–	195,836,812
Loans and advances to banks	–	153,876,803	–	–	153,876,803	–	–	147,870,736	147,870,736
Loans and advances to customers	–	353,457,523	–	–	353,457,523	–	–	343,374,965	343,374,965
Derivative financial assets	2,410,504	–	–	–	2,410,504	–	2,410,504	–	2,410,504
Total financial assets	**7,516,730**	**981,243,378**	**1,662,513,466**	**–**	**2,651,273,574**	**2,139,526,071**	**2,410,504**	**491,245,701**	**2,633,182,276**
Deposits from banks	–	–	–	1,283,720,090	1,283,720,090	–	–	1,274,697,031	1,274,697,031
Deposits from customers	–	–	–	985,581,621	985,581,621	–	–	943,200,878	943,200,878
Repurchase agreements and other similar secured borrowing	–	–	–	45,992,015	45,992,015	–	–	44,043,043	44,043,043
Derivative financial liabilities	529,436	–	–	–	529,436	–	529,436	–	529,436
Total financial liabilities	**529,436**	**–**	**–**	**2,315,293,726**	**2,315,823,162**	**–**	**529,436**	**2,261,940,952**	**2,262,470,388**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management

The Bank is exposed to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risk:
  - foreign exchange risk; and
  - interest rate risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and processes for measuring and managing risk, and the Bank's management of capital.

Risk Management Framework

The Bank is committed to the management of risks, recognising that sound internal risk management is essential to its prudent operation, particularly with the growing complexity, diversity, and volatility of markets, facilitated by advances in technology and communications. Risk management activities are given due recognition in the Bank's business decision making process.

Responsibility for risk management policies and limits in the level of risks assumed lies with the Board of Directors. The Board charges management with developing, presenting, updating, and implementing these policies, controls, and limits. The structure is designed to provide assurance that no single event or combination of events will materially affect the Bank.

The Bank's Board of Directors and Senior Management monitor compliance with risk management, assist in assessing market trends, economic and political developments, and in providing global strategic direction for all aspects of risk management. The Asset and Liability Committee and the Market Risk Committee provide a forum for in-depth review and analysis of the market and liquidity risks to which the Bank is potentially exposed.

The following fundamental principles of sound risk management apply to all financial instruments including derivatives:

- appropriate review by the Board of Directors and Senior Management;
- adequate risk management processes;
- sound measurement and information systems; and
- segregation of duties, comprehensive internal controls, and internal audit procedures.

Credit Risk Management

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's receivables from customers and investment securities.

The Bank's credit risk management strategy is shaped by its target markets, geographies, and product offerings. The approved risk appetite dictates the quality and types of credit risks acceptable to the Bank, and is informed by the credit ratings of obligors, as well as intrinsic and extrinsic factors, such as but not limited to, macroeconomic conditions, opportunities and threats created by market developments, geo-political landscape, that may impact creditworthiness.

The Bank aims to maintain a prudent and effective credit risk management framework that supports its business objectives while minimising potential losses. In addition to credit risk considerations, the Bank's strategy also takes into account other key factors, including:

- Efficient use of capital to optimise returns
- Deep domain expertise in targeted markets and products

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The Bank mainly lends to major West African corporates and financial institutions which, are long established customers of the Zenith Group, and UK and European trading companies against an underlying trade transaction evidenced by an incoming Nigerian or other West African Bank Letter of Credit (LC).

International interbank lending is predominantly made to investment grade-rated organisations and in line with the Credit Scoring Policy & Procedures manual. All limits are set and monitored against the Bank's capital resources as set out in its Credit Risk Policy. Retail lending is made to only established customers of the Group in accordance with strict credit and security parameters.

The Bank's Credit Risk Policy covers the credit, limits structures, delegated authorities, and credit risk grading issues for the Bank, taking account of the Bank's appetite for risk. The Bank's objective is to have a high quality, diversified loan portfolio which will generate profits commensurate with the risks and the Bank's target return on investments and enable the Bank to identify potential problem loans.

Forbearance practices

Forbearance occurs when a lender decides to modify the terms and conditions of a loan or debt security because of financial difficulty. Examples may include reducing interest rates, delaying payment of principal, and amending or not enforcing covenants, or any combinations. When considering facilities that demonstrate areas of heightened concern leading to potential forbearance, management looks to the full breadth of the relationship with the Bank and the wider Group where support, both tangible and intangible, may lie. Similarly, valuable revenue producing opportunities also present in this context and a balanced judgement is therefore necessary in such areas.

The high interest and inflation rates that prevailed in 2024 impacted several businesses, and particularly the property market. The Bank has a small portfolio of investment mortgages of good asset quality, and which was not significantly impacted by these economic shocks.

Some of the economic impacts being felt across markets in which the Bank has exposure are appearing on a substantially lagged time frame. Management therefore cannot rule out the need for limited isolated cases of forbearance in the future.

Lending subject to forbearance as at the year-end 2024 was US$ Nil (2023: US$ Nil).

Summary of Forward-Looking Information in Expected Credit Loss Determination

The methodology for Expected Credit Loss ("ECL") incorporates forward-looking information by adjusting Probability of Default (PD) settings based on macroeconomic factors and scenario-based stress testing. The traditional approach, which relied on historical default rates, has been refined to integrate Point-in-Time ("PiT") PDs with adjustments for economic outlook and data lags.

To improve the forward-looking assessment, ZBUK now references a three-year historical default rate average rather than a long-term dataset. This approach ensures PDs are more responsive to recent economic conditions. The methodology also incorporates global GDP growth projections (sourced from the IMF) to adjust PDs for expected economic shifts. If GDP growth is forecasted to decline, PDs are directionally increased to reflect heightened credit risk.

Scenario analysis includes:

- **Base Case (BAU):** Uses updated PiT PDs with macroeconomic inputs.
- **Downturn Scenario:** Adjusts PDs upward (30%) to reflect severe economic stress, ensuring alignment with historical recessions.
- **Optimistic Scenario:** Applies a downward adjustment (25%) to PDs, assuming economic recovery and favourable conditions.

Geographic risk assignments are dynamically reviewed to incorporate regional economic forecasts. For instance, Nigeria's ECL settings reflect improving macroeconomic fundamentals, while Sub-Saharan Africa remains constrained by structural vulnerabilities. The global outlook anticipates modest growth, with the U.S. as the primary driver, despite geopolitical risks.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The assessment of expected credit losses (ECL) is based on the following economic assumptions:

- The world GDP growth rate is a reliable indicator of economic performance and, by extension, credit risk.
- GDP growth rates can be used to assess the adequacy of existing downturn and optimistic scenarios.
- Probability of default (PD) increases as economic conditions deteriorate.
- The Bank's risk appetite for PD is aligned with its economic outlook.

In making these assumptions, the following variables were considered:

- Commodity prices
- Potential impacts of tariff wars
- Economic growth trends in African countries, including improved Compound Annual Growth Rates (CAGR) and increased Foreign Direct Investment (FDI)

Sensitivity and impact analysis of ECL assessment

The Bank's balance sheet comprises exposures in the form of Trade Finance loans, Money Market placements, Securities and Commercial Lending. The Bank employs a well-governed process for measuring the Expected Credit Loss ("ECL") on its exposures.

Credit Loss Modelling Scenarios

The probability of distribution is assigned to the portfolio based on the geography of the counterparty. In certain instances, the geography of the parent company or the borrowing client is adopted based on significant dependency of a subsidiary operation.

The portfolio is split into three geographical regions namely Nigeria, Rest of Africa and Rest of World with the following probabilities assigned to each:

Probability of Distribution by geographical region	Scenario A (Business-As-Usual)	Scenario B (Downturn)	Scenario C (Optimistic)
Nigeria	50%	25%	25%
Rest of Africa	50%	45%	15%
Rest of World	60%	20%	20%

Post Model Adjustment and Governance

Post model adjustments, if any, including qualitative and quantitative factors necessitating the application of a PMA, are discussed at Management Credit Committee ("MCC") of the Bank.

Credit risk ratings

The Bank adopts internal credit risk grades which have been mapped to those of an external credit rating agency. Unrated counterparties are assigned ratings based upon an Internal Credit Risk ("ICR") grade.

ICR grades are assigned to each counterparty. These ratings are compared to the rating for the same counterparty at inception to determine the extent of migration (i.e., increase or decrease in rating). To determine whether there has been a significant increase in credit risk ("SICR"), the credit ratings must have dropped within one credit quality steps ("CQS"). For example, a change in credit rating from AA+ to AA- does not constitute SICR as both ratings are classified as 'High Grade.' However, a change in credit rating from A ('Upper Medium Grade') to BBB+ ('Lower Medium Grade') would be considered a SICR. Assets of high credit quality (CQS AAA to CQS A-) are deemed to have lower credit risk.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The movement in buckets is reflected below:

Ratings	CQS	SICR Trigger
AAA	1	Prime
AA+	1	High Grade
AA	1	High Grade
AA-	1	High Grade
A+	2	Upper Medium Grade
A	2	Upper Medium Grade
A-	2	Upper Medium Grade
BBB+	3	Lower Medium Grade
BBB	3	Lower Medium Grade
BBB-	3	Lower Medium Grade
BB+	4	Non-investment Grade Speculative
BB	4	Non-investment Grade Speculative
BB-	4	Non-investment Grade Speculative
B+	5	Highly Speculative
B	5	Highly Speculative
B-	5	Highly Speculative
CCC+	6	Substantial Risks
CCC	6	Extremely Speculative
CCC-	6	In Default with little prospect of recovery
CC	6	In Default with little prospect of recovery
C	6	In Default with little prospect of recovery
D	6	In Default

A favourable movement in CQS buckets above results in a decrease in credit risk.

Expected credit loss measurement

Under IFRS 9, financial assets (other than those measured at fair value through profit or loss) are classified into three stages, based on the definition below:

- Stage 1 - assets or exposures with no significant increase in credit risk.
- Stage 2 - assets with an indication of a significant increase in credit risk since inception.
- Stage 3 - assets that are deemed to be in default or credit-impaired.

Transfers within Stages

Financial assets can be transferred between the different categories depending on their relative increase or decrease in credit risk since initial recognition.

Financial instruments are transferred from Stage 2 to Stage 1 if their credit risk is no longer considered to be significantly increased since initial recognition as described in the table below. Except for renegotiated loans, financial instruments are transferred from Stage 3 to either stage 1 or Stage 2, as applicable, when they no longer exhibit any evidence of credit impairment as described in the table below.

An asset is deemed to be in default or credit-impaired if it is more than 90 days past due and/or whose rating drops by at least one CQS since its classification to Stage 2 (or 2 successive CQS notch downgrades since its inception). In this case, it is classified as Stage 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The following table describes the basis of reclassification from Stage 1 to 2 and from Stage 2 to 3 respectively:

Stage Reclassification	Quantitative Assessment	Qualitative Assessment
Stage 1 to Stage 2 reclassification occurs when an exposure is assessed to have experienced a significant increase in credit risk:	As a default assumption any asset whose credit ratings (internal and external) drops corresponds to a drop in a credit quality step ("CQS") of at least one-notch or for which a payment of principal and/or interest is past due by more than 30 days will be transferred from Stage 1 to Stage 2. CQS refers to the categorisation of external credit assessment institutions (ECAI) recognised under the Regulation (EU) No 575/2013 of the Council of the European Union.	The Bank considers several factors in assessing whether there is an indication of a significant increase in credit risk. These include breaches in facility covenants, adverse developments, or information. The risk of default occurring at the reporting date is compared with that at initial recognition, considering reasonable and supportable information, including information about past events, current conditions, and future economic conditions.
Stage 2 to Stage 3 reclassification, which are in default, or which have become credit impaired.	Any exposure which is more than 90 days past due and/or whose credit ratings (internal and external) drop corresponds to a drop in credit quality step (CQS) since its classification to Stage 2 (or 2 successive CQS notch downgrades since its inception or 1 CQS drop since last assessment and staging) is deemed to be in default.	The Bank considers several factors in assessing whether there is an indication credit impairment. These include, but are not limited to the following: (a) Continued losses or significant decrease in revenue or, in general, in the client's recurring cash flows. (b) General delay in payments or insufficient cash flows to service debts. (c) Significantly inadequate economic or financial structure or inability of the client to obtain additional financing. (d) Existence of an internal or external credit rating, which shows that the client is in default. (e) Existence of overdue customer commitments with a significant amount to public institutions or employees. (f) Continual requests for the rolling or extension of the exposure, which prompt a requirement for enhanced scrutiny. (g) Covenant breaches (h) Continued security shortfalls (i) Adverse developments regarding the obligor.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

In summary, where SICR is established for a counterparty, the exposure to the counterparty is re-staged based on the following table:

Current Staging	Next Staging	ECL Estimate
Stage 1	Stage 2	Lifetime ECL (from 12-month ECL)
Stage 2	Stage 3	Lifetime ECL
Stage 3	Stage 3	Lifetime ECL

Factors influencing the ECL loss allowance estimate

The ECL Loss allowance by the Bank recognised results from a combination of factors. These are as follows:

- Changes to PDs applied due to unwind of exposure's contractual period to maturity e.g., if an exposure with over 12 months past the reporting date whose residual contractual maturity falls below 12 months at the reporting date. PDs are prorated with reference to the residual contractual days.
- Changes to the basis of ECL calculation due to classifications from one stage to another due to indication of credit risk increases or decreases.
- Additional ECL allowances recognised on assets written or recognised during the period.
- ECL release arising from the derecognition of assets during the year.
- Changes in ECL estimates due to changes in PDs, EADs and LGDs in the period.
- Measurement changes resulting from changes made to the model and the underlying assumptions.
- Effects of foreign currency translations at different review periods, for assets denominated in foreign currencies.
- Changes to the ECL allowance resulting from repayments of outstanding balances.
- Post Model Adjustments (PMA) to account for circumstances or events that involve expert judgement, subjectivity and other assumptions which cannot be modelled.

The measurement of expected credit losses (ECL) is complex and involves the use of judgment and estimation including the application of forward-looking economic conditions into the credit loss modelling processes. The Bank currently reviews economic variables, which are believed to be representative of the Bank's forecast economic conditions and support the calculation of unbiased ECL.

The probability of loss is measured considering past events, the present situation, and future trends of macroeconomic factors. In this regard, the Bank uses publicly available PD data (global corporate default rates).

The EAD represents the expected balance at default, considering the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities.

Zenith UK calculates ECL as the product of the probability of default (PD), the loss given default (LGD) and exposure at default (EAD) of each outstanding balance at the reporting date. The probability of default applied depends on whether the exposure is in Stage 1 (in which case a 12-month PD applies or lifetime (in which case, the exposure is either in Stage 2 or Stage 3). 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD.

Lifetime ECL is calculated by multiplying the lifetime PD, LGD & EAD. The PD adopted by the Bank references publicly available PD data, which are adjusted as necessary to reflect the current economic cycle. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument, respectively.

A LGD rate of 45% is applied to all exposures, excluding Corporate loans to which LGD of 40% is assigned, in line with the Basel requirements. Where there is objective and reliable information relating to loss events for specific exposures, these are applied to determine the LGD in those circumstances. The LGD applicable to a collateralised transaction is calculated as the exposure weighted average of the LGD applicable to the unsecured part of an exposure and the LGD applicable to the collateralised part of an exposure.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The input risk parameters (PD and LGD) and probabilities assigned to each scenario were revised to reflect the current economic situation and more recently available data. However, the credit modelling tool has been significantly modified in the current year.

For Stage 1 analysis, Probabilities of Defaults (PDs) for transactions with a residual maturity of less than twelve months have been prorated. For Stage 2 analysis, PDs are pro-rated depending on the time horizon buckets the residual maturity of transactions falls under.

The 12-month ECL and Lifetime ECL are each determined after reference to the period-on-period change in the credit rating of each counterparty. Depending on the stage of each exposure, it is aligned to appropriate *Global Corporate Average Cumulative Default Rates by* **Rating Modifier** issued by an External Credit Assessment Institution ("ECAI").

ECL Model risk and governance

The Bank's ECL model is subject to its model risk management policy, which adheres to the five principles outlined in PRA SS1/23. The policy covers model identification, governance, development, validation, and risk mitigants. The Board-approved policy is operationally governed by the IT Steering & Security Committee, which reviews annual attestations from model owners to ensure policy adherence and minimize model risk.

Cure periods and triggers

The Bank's expected credit loss model for financial assets includes triggers and cure periods to determine transfers between stages (i.e. from Stage 1 to Stage 2 or Stage 3, and vice versa).

Cure periods are applied to assess whether a financial asset can be transferred back to Stage 1 or Stage 2, following a resolution of the trigger event. A minimum cure period of 12 months is recommended by regulation. However, the Bank may consider a reduced period of no less than 6 months based on circumstances and other relevant factor applicable to the obligor. The Bank's decision takes into consideration the following among others:

- **Demonstration of creditworthiness:** The borrower must demonstrate a sustained improvement in creditworthiness
- **Assessment of payment reliability:** The borrower's payment behaviour must indicate an improvement in financial health.
- **Elimination of default triggers:** The reason for default, such as past due amounts or indications of unlikeliness to pay, must not longer exist.
- **Repayment of arrears:** Any overdue amounts must be fully repaid, or the financial situation of the borrower should demonstrate that they are no longer in default.

Summary of Changes in Estimation Techniques and Assumptions

The Bank has enhanced its ECL estimation methodology to improve accuracy, forward-looking capabilities, and responsiveness to economic changes, ensuring closer alignment with IFRS 9 requirements. Key changes are outlined below:

1. Refinement of Probability of Default (PD) Estimation

The methodology now adopts a three-year historical average of S&P default rates rather than relying on long-term historical data. This enhances the timeliness of default probability assessments.

This change reflects the assumption that the use of a larger data set covering over forty years does not represent current realities and may be more skewed towards supporting the determination of through-the-cycle PD curve than a point-in-time curve as required by the IFRS 9 Standard.

A minimum floor of 0.001% has been introduced for all rating categories to reflect the possibility of default, even in cases where historical data shows none.

This change acknowledges that even high-quality assets possess some inherent credit risk, albeit minimal.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

2. Enhanced Macroeconomic Adjustments

Forward-looking macroeconomic variables, particularly IMF global GDP forecasts, have been incorporated to adjust PDs dynamically.

Adjustments to Point In Time ("PiT") PDs consider expected GDP trends, allowing for a more predictive approach to credit risk assessment.

These changes assume that there will be improved responsiveness of the PDs estimated by the Bank to economic shifts.

3. Scenario Weighting Adjustments

The Downturn scenario adjustment has been increased to 30% (from 20%) to account for more severe economic stress.

The Optimistic scenario increased to 25% (from 20%) but is subject to review based on macroeconomic conditions.

Probability weightings for geographic regions (e.g., Nigeria, Rest of Africa) have been recalibrated based on economic outlook and risk concentration.

The weighting adjustments reflect the Management Credit Committee's assumption that the likelihood of more severe economic conditions will occur has changed by 10% points since prior year's assessment, given the lingering economic uncertainties and the expectations of several policy changes with far-reaching implications for the global economy in the coming months. Furthermore, weighting adjustment for optimistic economic conditions has increased by 5% points.

4. Revised Significant Increase in Credit Risk (SICR) Criteria

The model now incorporates both quantitative (rating downgrades, payment delays) and qualitative (macroeconomic, borrower-specific risks) factors to determine SICR more effectively

5. Incorporation of Collateral (where this is applicable) into the Determination of Applicable Loss Given Default (LGD)

The revised model adjusts for LGD by applying a weighted average of the LGDs applicable to the portion of exposures that are covered by collaterals and the unsecured portion of the exposure, respectively.

With cash and property accounting for a significant component of the collateral, it is believed that the Bank's estimated expected recovery rates are high and will thus have a reducing effect on actual losses that may crystallise.

IFRS 9 ECL Staging Analysis:

2024 US$	**ECL Stage 1**	**ECL Stage 2**	**ECL Stage 3**	**Total ECL**
Securities measured at fair value through other comprehensive income	**392,700**	**640,548**	**–**	**1,033,248**
Securities measured at amortised cost	**2,190,885**	**4,878,575**	**1,350,000**	**8,419,460**
Loans and advances to banks	**764,677**	**–**	**–**	**764,677**
Loans and advances to customers	**2,871,738**	**434,213**	**–**	**3,305,951**
Impairment on off balance sheet assets	**625,420**	**–**	**–**	**625,420**
Total	**6,845,420**	**5,953,336**	**1,350,000**	**14,148,756**

2023 US$	ECL Stage 1	ECL Stage 2	ECL Stage 3	Total ECL
Securities measured at fair value through other comprehensive income	686,434	125,650	681,359	1,493,443
Securities measured at amortised cost	3,589,490	1,119,167	9,058,265	13,766,922
Loans and advances to banks	923,419	–	–	923,419
Loans and advances to customers	5,808,582	381,521	–	6,190,103
Impairment on off balance sheet assets	–	–	–	–
Total	**11,007,925**	**1,626,338**	**9,739,624**	**22,373,887**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Sectoral breakdown of ECL on Loans and advances:

Loans and advances to customers	2024 Gross exposure US$	2024 Impairment allowance US$	2024 Impairment as % of Gross exposures US$	2023 (Restated) Gross exposure US$	2023 (Restated) Impairment allowance US$	2023 (Restated) Impairment as % of Gross exposures US$
Industry:						
Consumer Credit	4,845,708	39,453	0.8%	5,825,276	222,334	3.8%
General Commerce	115,772,640	72,592	0.1%	123,989,296	800,537	0.6%
Government	131,486,767	606,485	0.5%	69,764,866	928,189	1.3%
Manufacturing	25,368,731	272,103	1.1%	33,404,828	1,062,786	3.2%
Oil and Gas	64,028,553	1,017,085	1.6%	29,002,973	941,263	3.2%
Real Estate and Construction	20,972,696	505,663	2.4%	18,597,976	323,140	1.7%
Transportation	47,563,677	393,693	0.8%	20,755,773	705,687	3.4%
Others	36,870,434	398,877	1.1%	58,306,638	1,206,167	2.1%
	446,909,206	3,305,951	0.7%	359,647,626	6,190,103	1.7%

'Others' represents gross exposure of football receivables financing transactions of US$ 36,870,434 outstanding as at year end (2023: US$ 58,306,638).

The comparative figures in the table have been reclassified to better align with regulatory sector classifications and ensure consistency with the current year's presentation. The following table summarises the impact on the Bank's financial statements:

Loans and advances to customers US$	As previously reported Gross exposure	As previously reported Impairment	As previously reported Impairment as % of Gross exposures	Impact of reclassification: Adjustment Gross exposure	Adjustment Impairment	Adjustment Impairment as % of Gross exposures	As restated Gross exposure	As restated Impairment	As restated Impairment as % of Gross exposures
Industry:									
Agriculture	30,016,769	271,039	0.9%	(30,016,769)	(271,039)	-0.9%	–	–	0.0%
Communication	247,274	6,729	2.7%	(247,274)	(6,729)	-2.7%	–	–	0.0%
Consumer Credit	5,578,002	215,605	3.9%	247,274	6,729	0.0%	5,825,276	222,334	3.8%
General Commerce	92,969,442	494,265	0.5%	31,019,854	306,272	0.1%	123,989,296	800,537	0.6%
Government	69,764,866	928,189	1.3%	–	–	0.0%	69,764,866	928,189	1.3%
Manufacturing	33,404,828	1,062,786	3.2%	–	–	0.0%	33,404,828	1,062,786	3.2%
Oil and Gas	48,817,433	1,635,764	3.4%	(19,814,460)	(694,501)	-0.1%	29,002,973	941,263	3.2%
Power	–	–	0.0%	–	–	0.0%	–	–	0.0%
Real Estate and Construction	19,600,986	358,373	1.8%	(1,003,010)	(35,233)	-0.1%	18,597,976	323,140	1.7%
Transportation	941,313	11,186	1.2%	19,814,460	694,501	2.2%	20,755,773	705,687	3.4%
Finance and Insurance	75	–	0.0%	(75)	–	0.0%	–	–	0.0%
Others	58,306,638	1,206,167	2.1%	–	–	0.0%	58,306,638	1,206,167	2.1%
Total	359,647,626	6,190,103	1.7%	–	–	0.0%	359,647,626	6,190,103	1.7%

Overall there is no change to the balance. This restatement has no impact on the Bank's profit or loss, financial position, or cash flows for the year ended 31 December 2024 and 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Measurement uncertainty and sensitivity analysis of ECL estimates

The ECL calculation is sensitive to changes in scenario weightings and Probability of Default (PD) as explained below.

Scenario Weightings

Across the portfolio, the credit loss allowance is sensitive to changes in the weighting of each scenario. A 10% increase in the weighting of the 'Downturn' scenario (with a corresponding 10% decrease in the weighting of the 'Base Case' scenario) across the portfolio would result in an increase of US$ 1,533,370 (2023: US$ 644,870) in the expected credit loss allowance.

Sensitivity Analysis: Change in scenario weightings assigned

The scenarios adopted in the new methodology take into consideration geographies in which the Bank has risk exposures as these are more representative of the performance of the Bank's portfolio. These scenarios seek to reflect the probability weightings that correlate to the likelihood that changes in the economies of those jurisdictions could result in better or worse conditions as compared to base case scenario.

Given the changes in the methodology, the analysis presented has been modelled to reflect sensitivity around Scenario A (Business-As-Usual) in relation to which other scenarios are determined. For example, if Scenario B (Downturn) increases then Scenario A (Business-As-Usual) decreases correspondingly, and no impact on Scenario C (Optimistic). Thus, this approach is deemed to be most representative of the possible changes to the expected credit loss estimate presented in the financial statements.

The case below considers alternative scenario weightings to reflect an increase in credit risk compared to Scenario A.

Case: Scenario weightings increase by 10% for Scenario B (Downturn) and decrease by 10% for Scenario A, respectively. Scenario C remains unchanged.

2024	**Base Case**	**'Downturn' increases by 10%; 'Base Case decreases by 10%)**		**Change in ECL Allowance Incr/(Decr)**
	US$	US$	US$	%
Stage 1	6,845,420	8,307,454	1,462,034	21%
Stage 2	5,953,336	6,024,672	71,336	1%
Stage 3	1,350,000	1,350,000	–	0%
Total ECL Allowance	**14,148,756**	**15,682,126**	**1,533,370**	**11%**

Scenario weightings increase by 10% for Scenario B (Downturn) and decrease by 10% for Scenario A (Business-As-Usual), respectively. Scenario C (Optimistic) remains unchanged.

2023	Base Case	Case ('Downturn' increases by 10%; 'Base Case decreases by 10%)		Change in ECL Allowance Incr/(Decr)
	US$	US$	US$	%
Stage 1	11,007,925	11,571,390	563,465	5%
Stage 2	1,626,338	1,707,743	81,405	5%
Stage 3	9,739,624	9,739,624	–	0%
Total ECL Allowance	**22,373,887**	**23,018,757**	**644,870**	**3%**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Probability of Default (PD)

The credit allowance estimate is also sensitive to changes in PD. Worsening PDs by 10bps results in an increase of US$ 711,893 (2023: US$ 968,735).

Sensitivity Analysis: Change in PDs assigned

The case below considers alternative PDs to reflect an increase in credit risk compared to Scenario A.

Case: PDs deteriorate by 10% for each credit rating incrementally for Scenario A (Business-As-Usual), Scenario B (Downturn) and Scenario C (Optimistic), respectively.

2024	**Base Case**	**Case (PDs worsen by 10%)**		**Change in ECL Allowance Incr/(Decr)**
	US$	US$	US$	%
Stage 1	6,845,420	7,523,757	678,337	10%
Stage 2	5,953,336	5,986,892	33,556	1%
Stage 3	1,350,000	1,350,000	–	0%
Total ECL Allowance	**14,148,756**	**14,860,649**	**711,893**	**5%**

PDs deteriorate by 10% for each credit rating incrementally for scenarios A, B and C, respectively.

2023	Base Case	Case (PDs worsen by 10%)		Change in ECL Allowance Incr/(Decr)
	US$	US$	US$	%
Stage 1	11,007,925	11,921,985	914,060	8%
Stage 2	1,626,338	1,681,013	54,675	3%
Stage 3	9,739,624	9,739,624	–	0%
Total ECL Allowance	**22,373,887**	**23,342,622**	**968,735**	**4%**

The focus of the simulations is on ECL allowance requirements on performing exposures in Stage 1 and Stage 2. The simulations are run on a stand-alone basis and are independent of each other. The potential ECL impacts reflect the simulated impact as at 31 December 2024.

Scenario impacts on SICR are considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios the total exposure and exposure by stage were the same. Stage 3 provisions are not subject to the same level of measurement uncertainty – default is an observed event as at the balance sheet date. Stage 3 provisions therefore have not been considered in this analysis.

Collateral

Collateral and security are an important mitigant of credit risk.

Where applicable, the Bank obtains collateral and security and ensures that any collateral held is sufficiently liquid, legally effective, enforceable, and regularly reassessed.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

General Collateral Arrangements

As part of its credit risk management framework, the Bank requires borrowers to provide collateral as security for certain loan facilities. The specific terms and conditions governing the collateral are determined based on the credit risk assessment, borrower profile, and nature of the underlying financial exposure. In certain circumstances, to give the Bank additional comfort on the enforceability of securities, the Bank may elect to take legal opinions especially if such securities are situated in new jurisdictions or in respect of transactions with complex legal structures.

Collateral arrangements, where applicable, are reviewed and discussed at the Bank's Management Credit Committee meetings.

Types of Acceptable Collateral

The Bank accepts a range of collateral types, including, but not limited to:

- Cash and Cash Equivalents – Pledged deposits held with the Bank.
- Real Estate Assets – Residential properties, subject to periodic valuation.
- Marketable Securities – Shares, bonds, and other liquid financial instruments, with appropriate haircuts applied.
- Receivables and Inventory – Trade receivables and stock, typically pledged under structured trade finance arrangements.
- Guarantees and Credit Enhancements – Third-party guarantees and standby letters of credit.

Collateral Valuation and Reassessment

The Bank periodically reassesses the fair value of collateral held to ensure adequate credit risk coverage. The frequency and methodology of revaluation depend on the asset class and market conditions. Independent valuations may be required for certain asset types, particularly real estate, and moveable assets such as boats and ships. Independent valuation is undertaken by qualified valuation experts which are pooled from the Bank's approved panel of valuers. This applies to 3.9% of the total collateral as at reporting date (2023: 4.7%).

The Bank applies appropriate valuation adjustments or haircuts to reflect potential volatility in collateral values on individual exposures.

Borrowers are required to maintain the collateral in good condition and comply with any covenants related to the pledged assets. The Bank retains the right to demand additional collateral if the value of existing collateral declines below agreed coverage thresholds. In the event of borrower default, the Bank may exercise its rights over the pledged assets, subject to applicable contractual and legal provisions.

Unless explicitly permitted under the contractual terms, the Bank does not have the right to sell, repledge, or otherwise utilise the collateral provided by borrowers. In cases where the Bank has such rights, disclosures include:

- The carrying amount of collateral repledged or otherwise used.
- The nature of restrictions or conditions imposed on the repledged collateral.

Where applicable, the Bank discloses whether pledged collateral is subject to encumbrances, such as prior claims by other creditors or regulatory constraints that limit the Bank's ability to enforce security rights. Pledged collateral subject to encumbrances is US$ Nil in 2024 (2023: US$ Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Maximum exposure to credit risk

The maximum exposure to credit risk (net of mitigations) on 'bank balances and money market placements,' 'securities,' 'loans and advances to banks' and 'loans and advances customers' and 'off balance sheet items' at the statement of financial position date was US$ 3,047 million (2023: US$ 2,906 million).

The following table sets out the principal types of collateral pertaining to 'loans and advances to banks' and 'loans and advances to customers' held by the Bank:

Collateral analysis	2024 US$	2023 US$
Cash	160,171,854	93,507,225
Property and equipment	18,789,167	18,754,687
Guarantees received	58,217,017	51,975,911
All assets debenture	39,805,548	38,808,659
First charge / lien mortgage	28,604,983	36,058,588
Fixed and/or floating charge over assets	99,601,126	60,759,337
Risk participation agreements	44,494,280	69,380,629
Negative pledge of the borrowers	10,477,935	29,282,586
Assignment of sales contracts	15,786,449	–
Assignment of inward letters of credit	1,569,192	1,487,743
Standby letters of credit	250,000	85,660
Irrevocable domiciliation of proceeds	4,629,143	–
Debt securities	–	1,000,000
Total	**482,396,664**	401,101,025

'Cash' in the above table includes pledges over account balances of US$ 134,598,411 (2023: US$ 87,299,236) placed by the Parent with the Bank which are used as collateral for certain Trade Finance transactions.

'Property/Real estate' represents collateral which is held to mitigate risk in the mortgage portfolio and the value disclosed relates to properties over which the Bank has legal charge.

During the current year, there were no prior claims by other creditors or regulatory constraints that limit the Bank's ability to enforce security rights (2023: None).

Country risk

The Bank has established procedures to manage country risk with limits determined by business strategy and in accordance with internal Credit Policy. The Bank takes limited direct sovereign risk.

The country risk is the carrying amount of the Bank's exposure to entities domiciled with said jurisdictions.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The table below summarises exposure to credit risk as at statement of financial position date by geographical area:

2024	Europe US$	United Kingdom US$	Nigeria US$	Rest of Africa US$	United States of America US$	Rest Of World US$	Total US$
Assets							
Cash and cash equivalents	11,447,471	401,289,428	286,820	777,873	28,883,633	37,548,115	480,233,340
Securities measured at fair value through profit or loss	–	–	620,107	1,076,691	2,598,270	–	4,295,068
Securities measured at fair value through other comprehensive income	72,743,107	169,159,860	4,451,552	38,205,249	732,901,835	355,563,033	1,373,024,636
Securities measured at amortised cost	–	33,468,989	77,848,676	74,107,509	4,250,402	23,860,744	213,536,320
Loans and advances to banks	–	–	10,212,408	61,935,142	–	40,496,120	112,643,670
Loans and advances to customers	–	43,228,532	50,519,521	191,391,595	10,967,897	147,495,710	443,603,255
Derivative financial assets	–	1,517,779	–	–	–	–	1,517,779
Total assets	84,190,578	648,664,588	143,939,084	367,494,059	779,602,037	604,963,722	2,628,854,068

2023	Europe US$	United Kingdom US$	Nigeria US$	Rest of Africa US$	United States of America US$	Rest Of World US$	Total US$
Assets							
Cash and cash equivalents	3,761,452	209,420,103	2,120,129	59,350	34,765,153	25,943,380	276,069,567
Securities measured at fair value through profit or loss	–	–	964,002	4,142,224	–	–	5,106,226
Securities measured at fair value through other comprehensive income	98,664,294	209,277,781	8,100,642	26,941,314	887,604,450	431,924,985	1,662,513,466
Securities measured at amortised cost	–	20,927,409	59,412,657	85,396,204	–	32,103,215	197,839,485
Loans and advances to banks	–	–	147,804,065	6,072,738	–	–	153,876,803
Loans and advances to customers	–	64,511,550	39,181,403	102,481,992	9,997,598	137,284,980	353,457,523
Derivative financial assets	–	2,148,387	262,117	–	–	–	2,410,504
Total assets	102,425,746	506,285,230	257,845,015	225,093,822	932,367,201	627,256,560	2,651,273,574

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

An analysis of the credit quality of the maximum credit exposure (net of ECL impairment allowance) based on an external credit rating agency where applicable. These groupings are consistent with the CQS prescribed by the Regulator.

	2024 US$	2023 US$
Cash and cash equivalents		
Rated AAA to AA-	40,111,399	579,087
Rated A+ to A-	348,125,312	212,866,859
Rated BBB+ to BBB-	468,877	10,057,333
Rated BB+ to BB-	91,209,117	50,362,256
Rated B+ to B-	318,635	2,153,961
Rated CCC+ and below	–	50,071
Total	480,233,340	276,069,567
Securities measured at fair value through profit or loss		
Rated BBB+ to BBB-	2,598,270	–
Rated B+ to B-	1,696,798	5,106,226
Total	4,295,068	5,106,226
Securities measured at fair value through other comprehensive income		
Rated AAA to AA-	1,125,572,478	1,434,134,374
Rated A+ to A-	69,661,637	69,714,763
Rated BBB+ to BBB-	106,288,052	97,750,740
Rated BB+ to BB-	49,763,798	39,767,108
Rated B+ to B-	20,506,144	19,978,472
Rates CCC+ and below	1,232,527	1,168,009
Total	1,373,024,636	1,662,513,466
Securities measured at amortised cost		
Rated BBB+ to BBB-	9,916,436	14,573,421
Rated BB+ to BB-	49,804,227	43,869,856
Rated B+ to B-	143,806,111	125,207,201
Rated CCC+ and below	10,009,546	14,189,007
Total	213,536,320	197,839,485

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

	2024 US$	2023 US$
Loans and advances to banks		
Rated BBB+ to BBB-	25,457,062	–
Rated B+ to B-	87,186,608	152,392,612
Rated CCC+ and below	–	1,484,191
Total	112,643,670	153,876,803

In 2024, there were US$ Nil loans to Banks with maturity greater than 90 days (2023: US$ Nil).

	2024 US$	2023 US$
Loans and advances to customers		
Rated AAA to AA-	90,774	160,416
Rated BB+ to BB-	155,739,258	129,145,178
Rated B+ to B-	281,782,675	218,571,518
Rated CCC+ and below	5,990,548	5,580,411
Total	443,603,255	353,457,523

Loan commitments

As at 31 December 2024, the Bank has one loan commitment of US$ 14,679,997 (net of ECL allowance) to a counterparty rated B-.

An analysis of the credit quality of the maximum gross credit exposure based on an external credit rating agency where applicable. These groupings are consistent with the CQS prescribed by the Regulator.

	2024 US$	2023 US$
Cash and cash equivalents		
Rated AAA to AA-	40,111,399	579,087
Rated A+ to A-	348,125,312	212,866,859
Rated BBB+ to BBB-	468,877	10,057,333
Rated BB+ to BB-	91,209,117	50,362,256
Rated B+ to B-	318,635	2,153,961
Rated CCC+ and below	–	50,071
Total	480,233,340	276,069,567
Securities measured at amortised cost		
Rated BBB+ to BBB-	9,921,987	14,588,159
Rated BB+ to BB-	49,936,117	44,053,832
Rated B+ to B-	146,116,327	129,323,827
Rated CCC+ and below	15,981,349	23,640,589
Total	221,955,780	211,606,407

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

	2024 US$	2023 US$
Loans and advances to banks		
Rated BBB+ to BBB-	25,464,669	–
Rated B+ to B-	87,943,678	153,316,031
Rated CCC+ and below	–	1,484,191
Total	113,408,347	154,800,222
Loans and advances to customers		
Rated AAA to AA-	90,784	160,435
Rated BB+ to BB-	155,863,361	128,914,239
Rated B+ to B-	284,530,300	224,658,417
Rated CCC+ and below	6,424,761	5,914,535
Total	446,909,206	359,647,626

Loan commitments

As at 31 December 2024, the Bank has one loan commitment of US$ 15,000,000 to a counterparty rated B-.

Credit exposure to loans and advances to customers by industry (net of ECL impairment allowance) as reporting date is as presented below:

Loans and advances to customers	2024 US$	2023 (Restated) US$
Industry:		
Consumer Credit	4,806,255	5,602,942
General Commerce	115,700,048	123,188,759
Government	130,880,282	68,836,677
Manufacturing	25,096,628	32,342,042
Oil and Gas	63,011,468	28,061,710
Real Estate and Construction	20,467,033	18,274,836
Transportation	47,169,984	20,050,086
Others	36,471,557	57,100,471
	443,603,255	353,457,523

'Others' represents football receivables financing transactions (net of ECL impairment allowance) of US$ 36,471,557 outstanding as at year end (2023: US$ 57,100,471).

The comparatives in the above table have been restated to facilitate comparability with current year. There is no impact on profit or loss, financial position and cashflows of the Bank.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The comparative figures in the table have been reclassified to better align with regulatory sector classifications and ensure consistency with the current year's presentation. The following table summarises the impact on the Bank's financial statements:

	Impact of reclassification		
Loans and advances to customers US$	As previously reported	Adjustment	As restated
Industry:			
Agriculture	29,745,730	(29,745,730)	–
Communication	240,545	(240,545)	–
Consumer Credit	5,362,397	240,545	5,602,942
General Commerce	92,475,177	30,713,582	123,188,759
Government	68,836,677	–	68,836,677
Manufacturing	32,342,042	–	32,342,042
Oil and Gas	47,181,669	(19,119,959)	28,061,710
Real Estate and Construction	19,242,613	(967,777)	18,274,836
Transportation	930,127	19,119,959	20,050,086
Finance and Insurance	75	(75)	–
Others	57,100,471	–	57,100,471
Total	353,457,523	–	353,457,523

Overall, there is no change to the balance. This restatement has no impact on the Bank's profit or loss, financial position, or cash flows for the year ended 31 December 2024 and 2023.

An analysis of credit risk exposures and significant credit risk concentrations by credit risk grades is as follows:

	Gross Exposures				Impairment			
2024 US$	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities designated at fair value through other comprehensive income								
Rated AAA to AA-	1,125,572,478	–	–	1,125,572,478	(12,342)	–	–	(12,342)
Rated A+ to A-	65,523,128	4,138,509	–	69,661,637	(17,229)	(755)	–	(17,984)
Rated BBB+ to BBB-	94,783,022	11,505,030	–	106,288,052	(47,144)	(12,702)	–	(59,846)
Rated BB+ to BB-	46,665,186	3,098,612	–	49,763,798	(129,846)	(4,835)	–	(134,681)
Rated B+ to B-	16,027,039	4,479,105	–	20,506,144	(186,139)	(25,655)	–	(211,794)
Rated CCC+ and below	–	1,232,527	–	1,232,527	–	(596,601)	–	(596,601)
Total	1,348,570,853	24,453,783	–	1,373,024,636	(392,700)	(640,548)	–	(1,033,248)

	Gross Exposures				Impairment			
2024 US$	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities measured at amortised cost								
Rated BBB+ to BBB-	9,921,987	–	–	9,921,987	(5,551)	–	–	(5,551)
Rated BB+ to BB-	49,936,117	–	–	49,936,117	(131,890)	–	–	(131,890)
Rated B+ to B-	132,145,506	13,970,821	–	146,116,327	(2,053,444)	(256,772)	–	(2,310,216)
Rated CCC+ and below	–	12,981,349	3,000,000	15,981,349	–	(4,621,803)	(1,350,000)	(5,971,803)
Total	192,003,610	26,952,170	3,000,000	221,955,780	(2,190,885)	(4,878,575)	(1,350,000)	(8,419,460)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

2024 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Loans and advances to banks								
Rated BBB+ to BBB-	25,464,669	–	–	25,464,669	(7,607)	–	–	(7,607)
Rated B+ to B-	87,943,678	–	–	87,943,678	(757,070)	–	–	(757,070)
Total	113,408,347	–	–	113,408,347	(764,677)	–	–	(764,677)

2024 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Loans and advances to customers								
Rated AAA to AA-	90,784	–	–	90,784	(10)	–	–	(10)
Rated BB+ to BB-	155,863,361	–	–	155,863,361	(124,103)	–	–	(124,103)
Rated B+ to B-	284,530,300	–	–	284,530,300	(2,747,625)	–	–	(2,747,625)
Rated CCC+ and below	11	6,424,750	–	6,424,761	–	(434,213)	–	(434,213)
Total	440,484,456	6,424,750	–	446,909,206	(2,871,738)	(434,213)	–	(3,305,951)

2023 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Securities designated at fair value through other comprehensive income								
Rated AAA to AA-	1,434,134,374	–	–	1,434,134,374	(7,898)	–	–	(7,898)
Rated A+ to A-	65,454,553	4,260,210	–	69,714,763	(24,562)	(3,471)	–	(28,033)
Rated BBB+ to BBB-	83,271,425	14,479,315	–	97,750,740	(64,242)	(23,110)	–	(87,352)
Rated BB+ to BB-	36,601,545	3,165,563	–	39,767,108	(123,395)	(17,784)	–	(141,179)
Rated B+ to B-	16,954,690	3,023,782	–	19,978,472	(466,337)	(81,285)	–	(547,622)
Rated CCC+ and below	–	–	1,168,009	1,168,009	–	–	(681,359)	(681,359)
Total	1,636,416,587	24,928,870	1,168,009	1,662,513,466	(686,434)	(125,650)	(681,359)	(1,493,443)

2023 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Securities measured at amortised cost								
Rated BBB+ to BBB-	14,588,159	–	–	14,588,159	(14,738)	–	–	(14,738)
Rated BB+ to BB-	44,053,832	–	–	44,053,832	(183,976)	–	–	(183,976)
Rated B+ to B-	114,816,683	14,507,144	–	129,323,827	(3,390,776)	(725,850)	–	(4,116,626)
Rated CCC+ and below	–	3,511,110	20,129,479	23,640,589	–	(393,317)	(9,058,265)	(9,451,582)
Total	173,458,674	18,018,254	20,129,479	211,606,407	(3,589,490)	(1,119,167)	(9,058,265)	(13,766,922)

2023 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Loans and advances to banks								
Rated BBB+ to BBB-	153,316,031	–	–	153,316,031	(923,419)	–	–	(923,419)
Rated B+ to B-	1,484,191	–	–	1,484,191	–	–	–	–
Total	154,800,222	–	–	154,800,222	(923,419)	–	–	(923,419)

2023 US$	Stage 1	Gross Exposures Stage 2	Stage 3	Total	Stage 1	Impairment Stage 2	Stage 3	Total
Loans and advances to customers								
Rated AAA to AA-	160,435	–	–	160,435	(19)	–	–	(19)
Rated BB+ to BB-	128,914,239	–	–	128,914,239	(494,102)	–	–	(494,102)
Rated B+ to B-	224,121,629	536,788	–	224,658,417	(5,314,461)	(47,397)	–	(5,361,858)
Rated CCC+ and below	–	5,914,535	–	5,914,535	–	(334,124)	–	(334,124)
Total	353,196,303	6,451,323	–	359,647,626	(5,808,582)	(381,521)	–	(6,190,103)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Expected credit loss allowance

The following table shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument:

Loans and advances to banks	2024 12-month ECL US$	2024 Lifetime ECL not credit-impaired US$	2023 12-month ECL US$	2023 Lifetime ECL not credit-impaired US$
Balance as at 1 January	923,419	–	849,398	–
Net measurement of loss allowance	(768,888)	–	(540,452)	–
New financial assets originated or purchased	1,176,510	–	767,446	–
Financial assets that have been derecognised	(123,468)	–	(152,973)	–
Due to changes in methodology and risk parameters	(442,896)	–	–	–
Balance as at 31 December	764,677	–	923,419	–

Loans and advances to customers	2024 12-month ECL US$	2024 Lifetime ECL not credit-impaired US$	2023 12-month ECL US$	2023 Lifetime ECL not credit-impaired US$
Balance as at 1 January	5,808,582	381,521	4,303,234	773,896
Net measurement of loss allowance	(2,267,808)	(610)	(1,232,292)	(439,772)
New financial assets originated or purchased	4,625,269	1,163,812	3,248,103	47,397
Financial assets that have been derecognised	(1,891,774)	(334,124)	(510,463)	–
Due to changes in methodology and risk parameters	(3,401,531)	(776,386)	–	–
Balance as at 31 December	2,871,738	434,213	5,808,582	381,521

Securities measured at fair value through other comprehensive income	2024 12-month ECL US$	2024 Lifetime ECL not credit-impaired US$	2024 Lifetime ECL credit-impaired US$	2023 12-month ECL US$	2023 Lifetime ECL not credit-impaired US$	2023 Lifetime ECL credit-impaired US$
Balance as at 1 January	686,434	125,650	681,359	924,423	30,347	732,523
Net measurement of loss allowance	81,734	(41,992)	–	(62,327)	(7,367)	8,437
New financial assets originated or purchased	185,977	302,592	–	286,810	122,179	158,631
Financial assets that have been derecognised	(196,229)	(2,346)	(681,359)	(462,472)	(19,509)	(218,232)
Due to changes in methodology and risk parameters	(365,216)	256,644	–	–	–	–
Balance as at 31 December	392,700	640,548	–	686,434	125,650	681,359

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Expected credit loss reversals on Securities measured at fair value through other comprehensive income

	2024 US$	2023 US$	Movement US$
12-month ECL	392,700	686,434	(293,734)
Lifetime ECL not credit-impaired	640,548	125,650	514,898
Lifetime ECL credit-impaired	–	681,359	(681,359)
Balance as at 31 December	1,033,248	1,493,443	(460,195)

Securities measured at amortised cost	2024 12-month ECL US$	2024 Lifetime ECL not credit-impaired US$	2024 Lifetime ECL credit-impaired US$	2023 12-month ECL US$	2023 Lifetime ECL not credit-impaired US$	2023 Lifetime ECL credit-impaired US$
Balance as at 1 January	3,589,490	1,119,167	9,058,265	4,115,928	1,293,000	7,867,767
Net measurement of loss allowance	715,439	(38,193)	–	(58,010)	(149,352)	87,803
New financial assets originated or purchased	963,366	3,047,309	–	514,189	666,039	5,783,855
Financial assets that have been derecognised	(571,464)	(871,997)	(7,708,265)	(982,617)	(690,520)	(4,681,160)
Due to changes in methodology and risk parameters	(2,505,946)	1,622,289	–	–	–	–
Balance as at 31 December	2,190,885	4,878,575	1,350,000	3,589,490	1,119,167	9,058,265

Impairment allowance on committed but undrawn facilities	2024 12-month ECL US$	2024 Lifetime ECL not credit-impaired US$	2023 12-month ECL US$	2023 Lifetime ECL not credit-impaired US$
Balance as at 1 January	–	–	712,297	–
Net measurement of loss allowance	625,420	–	–	–
New financial commitments	–	–	–	–
Financial assets that have been derecognised	–	–	(712,297)	–
Balance as at 31 December	625,420	–	–	–

'Impairment on off- balance sheet assets' represents ECL allowance on undrawn committed Corporate facilities, which are expected to be drawn within the next twelve months.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The table below represents year-on-year movements in Gross exposures and changes to Impairment:

31 December 2024	Gross exposures Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Impairment Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Balance as at beginning of the year	2,317,525,663	49,398,447	21,643,611	2,388,567,721	11,007,925	1,626,338	9,739,624	22,373,887
Reassessment of ECL allowance on exposures brought forward from prior year	33,712,602	(5,438,776)	(27,123)	28,246,703	(2,239,523)	36,839	(12,205)	(2,332,523)
Assets originated or purchased during the year	1,299,014,767	34,772,537	–	1,333,787,304	7,575,542	4,513,713	–	12,089,255
Assets de-recognised during the year (including assets that matured)	(1,548,439,561)	(28,247,710)	(18,616,488)	(1,595,303,759)	(2,782,935)	(1,208,467)	(8,377,419)	(12,368,821)
Write-offs	–	–	–	–	–	–	–	–
Attributable to changes in risk parameters	–	–	–	–	(6,715,589)	1,102,547	–	(5,613,042)
Transfer to (from):								
Stage 1	1,751,194	(1,751,194)	–	–	393,317	(393,317)	–	–
Stage 2	(9,191,111)	9,191,111	–	–	(275,683)	275,683	–	–
Stage 3	–	–	–	–	–	–	–	–
Committed but undrawn facilities	26,113,617	–	–	26,113,617	–	–	–	–
Balance as at end of year, including committed but undrawn facilities	2,120,487,171	57,924,415	3,000,000	2,181,411,586	6,845,420	5,953,336	1,350,000	14,148,756
Less: Allowance for credit losses on committed but undrawn facilities	–	–	–	–	(625,420)	–	–	(625,420)
Balance as at end of the year	2,120,487,171	57,924,415	3,000,000	2,181,411,586	6,220,000	5,953,336	1,350,000	13,523,336

Write-offs relate to Other assets which are included under Loans and advances to customers in 'Loan loss allowance' section above.

31 December 2023	Gross exposures Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$	Impairment Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Balance as at beginning of the year	2,453,658,061	34,666,642	19,111,756	2,507,436,459	10,905,280	2,097,243	8,600,290	21,602,813
Reassessment of ECL allowance on exposures brought forward from prior year	(14,832,076)	(6,086,185)	(495,268)	(21,413,529)	(1,893,081)	(596,491)	96,240	(2,393,332)
Assets originated or purchased during the year	1,407,216,752	4,547,898	–	1,411,764,650	4,816,548	835,615	5,942,486	11,594,649
Assets de-recognised during the year (including assets that matured)	(1,501,223,770)	(7,996,089)	–	(1,509,219,859)	(2,820,822)	(710,029)	(4,899,392)	(8,430,243)
Write-offs	–	–	–	–	–	–	–	–
Attributable to changes in risk parameters	–	–	–	–	–	–	–	–
Transfer to (from):								
Stage 1	(34,053,585)	34,053,585	–	–	–	–	–	–
Stage 2	6,760,281	(9,787,404)	–	(3,027,123)	–	–	–	–
Stage 3	–	–	3,027,123	3,027,123	–	–	–	–
Committed but undrawn facilities	–	–	–	–	–	–	–	–
Balance as at end of year, including committed but undrawn facilities	2,317,525,663	49,398,447	21,643,611	2,388,567,721	11,007,925	1,626,338	9,739,624	22,373,887
Less: Allowance for credit losses on committed but undrawn facilities	–	–	–	–	–	–	–	–
Balance as at end of the year	2,317,525,663	49,398,447	21,643,611	2,388,567,721	11,007,925	1,626,338	9,739,624	22,373,887

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Liquidity Risk

Liquidity Risk Management

Liquidity risk refers to how a bank's inability to meet its obligations as they fall due threatens its financial position or existence.

Liquidity management is conducted in accordance with the guidance issued by the PRA, primarily through the use of Liquidity Coverage Ratio ("LCR") and Cash flow Mismatch Report ("PRA110"). The Net Stable Funding ratio ("NSFR") whose regulation came into effect in January 2022 is used to monitor the stability of funding sources employed by the Bank in creating assets.

The on-going management of liquidity is aimed at balancing cash flows within forward rolling time bands so that, under normal conditions, the Bank can meet all its payment obligations as and when they fall due. The Bank has developed an Internal Liquidity Adequacy Assessment Process ("ILAAP"), as required by the PRA, to support its liquidity management process as well as to consider the liquidity positions under plausible stress scenarios. The results of ILAAP are reviewed by Senior Management and the Board at least annually. The ILAAP documentation is refreshed annually.

Senior Management is responsible for ensuring that the Bank can meet its obligations when they fall due. The Bank is required to satisfy itself and the PRA on an on-going basis that it has a prudent liquidity policy and adequate management systems in place to ensure that the policy is always adhered to.

The Board of Directors is ultimately responsible for ensuring that the liquidity policy remains relevant and consistent with the Bank's business activities and expressed risk tolerances.

The Bank's ALCO is responsible for reviewing the policy and recommending it to the Board of Directors. ALCO is supported by Risk Management, which is responsible for overseeing the Bank's compliance with the policy on a daily basis.

The responsibility for day-to-day management of the Bank's liquidity position is delegated to the Bank's Treasurer through the funding desk in the Treasury Department.

The undiscounted contractual cashflow maturity analysis of assets and liabilities is presented in the table below:

2024	On demand US$	Less than 3 months US$	Between 3 & 12 months US$	1 to 5 Years US$	Greater than 5 years US$	Carrying amount US$
Assets						
Cash and cash equivalents	59,765,796	420,934,200	–	–	–	480,699,996
Securities measured at fair value through profit or loss	–	2,556,804	240,815	656,474	880,797	4,334,890
Securities measured at fair value through other comprehensive income	–	416,006,523	427,957,163	527,086,430	8,840,298	1,379,890,414
Securities measured at amortised cost	192,367	1,937,971	35,071,336	197,539,863	29,061,378	263,802,915
Loans and advances to banks	–	34,825,903	71,631,206	11,159,187	–	117,616,296
Loans and advances to customers	7,415,365	113,780,581	122,916,005	255,364,029	16,340,116	515,816,096
Derivative financial assets	–	–	1,517,779	–	–	1,517,779
Total assets	67,373,528	990,041,982	659,334,304	991,805,983	55,122,589	2,763,678,386
Liabilities						
Deposits from banks	930,753,032	217,356,186	140,384,415	47,199	–	1,288,540,832
Deposits from customers	153,147,751	362,580,421	223,184,407	151,289,721	–	890,202,300
Repurchase agreements and other similar secured borrowing	–	75,602,040	–	14,697,940	–	90,299,980
Derivative financial liabilities	–	–	3,094,465	–	–	3,094,465
Total Liabilities	1,083,900,783	655,538,647	366,663,287	166,034,860	–	2,272,137,577

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

The amount reflected under "On demand" for Loans and advances to banks represents overdrafts.

The Bank manages "On demand" liquidity risk mismatch by maintaining a portfolio of liquid assets, managing funding and liquidity requirements, and monitoring liquidity risk exposures. Specifically, by:

- Maintaining a liquidity buffer comprising high-quality liquid assets, such as cash and highly liquid government securities.
- Using cash flow forecasting and stress testing to identify potential liquidity shortfalls and to develop contingency plans.
- Monitoring its liquidity risk exposures, including its net stable funding ratio, liquidity coverage ratio, and high-quality liquid asset holdings.
- Establishing a funding diversification strategy to reduce its reliance on any single funding source.

The Bank's liquidity risk management framework is reviewed and updated regularly to ensure it remains effective in managing liquidity risk.

2023	On demand US$	Less than 3 months US$	Between 3 & 12 months US$	1 to 5 Years US$	Greater than 5 years US$	Carrying amount US$
Assets						
Cash and cash equivalents	57,628,307	219,077,827	–	–	–	276,706,134
Securities measured at fair value through profit or loss	–	3,758,087	6,348	176,245	1,197,146	5,137,826
Securities measured at fair value through other comprehensive income	–	594,889,931	518,352,511	550,260,462	5,788,627	1,669,291,531
Securities measured at amortised cost	–	2,443,305	54,104,823	165,387,627	24,085,453	246,021,208
Loans and advances to banks	279,439	122,842,202	864,351	34,941,957	–	158,927,949
Loans and advances to customers	353,904	82,520,545	98,400,490	236,357,556	–	417,632,495
Derivative financial assets	–	–	2,410,504	–	–	2,410,504
Total assets	**58,261,650**	**1,025,531,897**	**674,139,027**	**987,123,847**	**31,071,226**	**2,776,127,647**
Liabilities						
Deposits from banks	985,850,601	258,621,373	39,595,738	47,199	–	1,284,114,911
Deposits from customers	131,204,720	433,133,413	236,460,919	209,423,309	–	1,010,222,361
Repurchase agreements and other similar secured borrowing	–	9,353,858	28,076,173	9,355,795	–	46,785,826
Derivative financial liabilities	–	–	529,436	–	–	529,436
Total Liabilities	**1,117,055,321**	**701,108,644**	**304,662,266**	**218,826,303**	**–**	**2,341,652,534**

Cash and cash equivalents include petty cash. Deposits from banks classified as 'On demand' include a call deposit held on behalf of the Central Bank of Nigeria ("CBN"). The use of these funds is limited to overnight, short-term Money Market placements and investments in high quality liquid assets. Deposits from banks include placements from the Group, short term deposits from the Central Bank of Nigeria and other banks.

Based on the table above, no material cash outflows are expected beyond the amounts presented, nor are any significant deviations anticipated.

The maturity analysis of outstanding lease liabilities under IFRS 16 is presented in the table below:

31 December	**2024 US$**	2023 US$
Less than 3 months	**214,395**	217,141
Between 3 and 12 months	**650,873**	653,714
1-5 years	**7,954,652**	184,624
Lease liability	**8,819,920**	1,055,479

As explained under Note 20 above, the Bank renewed its lease for another ten years. The lease is due to expire in January 2034.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Market risk

Market risk management

Market risk is the risk of losses on financial investments from changes in market prices, rates, the correlations among them, and their volatility.

The Bank's trading activities are accounted for on a mark-to-market basis; and financial assets, financial liabilities and derivatives which form a part of such activities are accounted for at fair value through the profit and loss account.

The Bank's trading activities are limited to transactions in financial instruments, which mainly comprise trading in debt securities and foreign exchange contracts. Market risk is primarily related to currencies and interest rates. Exposure to those markets together with a description of the risk management policies governing both banking and trading activities is set out below. Market risk exposures are measured and monitored daily and are formally reviewed on a weekly basis by the Bank's Asset and Liability Committee.

Exchange rate risk

The Bank originates loans and takes deposits in multiple currencies. Payments made on behalf of customers in one currency may be settled from balances held in another currency. Further, the Bank is active in the international foreign exchange markets both for its own account trading and for the management of the Bank assets and liabilities.

The Bank manages its exposures to foreign exchange risk by way of limits on the size of permitted positions, both intra-day and overnight. Overnight positions are protected by stop-loss orders placed with reputable correspondent banks. The size of the position limits is aimed at being consistent with the amount of profit that the Bank is prepared to place at risk.

Foreign exchange exposure arises from normal banking activities, particularly from the receipt of deposits and the placement of funds denominated in foreign currencies. It is the policy of the Bank to match currencies of its assets and liabilities as much as practicable. It is also the policy of the Bank to adhere to the limits laid down by the Board in respect of the "overall net open position." The tables overleaf give details of the Bank's net foreign currency exposures as at 31 December 2024 as a basis of disclosing the Bank's foreign currency sensitivity analysis.

2024	**Sterling Pounds US$**	**Euro US$**	**Other US$**	**Total US$**
Assets	339,546,462	236,217,833	5,902,180	581,666,475
Liabilities	(468,972,626)	(112,543,657)	(6,896,097)	(588,412,380)
Derivatives receivables (notional)	152,353,938	12,981,875	386,892	165,722,705
Derivatives payables (notional)	(13,027,963)	(140,427,538)	–	(153,455,501)
Net open position	9,899,811	(3,771,487)	(607,025)	(5,521,299)

2023 (Restated)	Sterling Pounds US$	Euro US$	Other US$	Total US$
Assets	353,496,536	181,821,486	12,072,546	547,390,568
Liabilities	(512,865,640)	(128,852,455)	(8,880,027)	(650,598,122)
Derivatives receivables (notional)	166,634,559	2,768,625	7,724,280	177,127,464
Derivatives payables (notional)	-	(55,926,225)	(10,813,733)	(66,739,958)
Net open position	7,265,455	(188,569)	103,066	7,179,952

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Other than the correction to Net open position, there is no impact on the Bank's operating, investing, or financing cashflows for the years ended 31 December 2024 and 2023. The following table summarises the impact on the Bank's financial statements:

					Impact of correction of error							
Exchange rate risk US$	As prev. reported Sterling Pounds	As prev. reported Euro	As prev. reported Other	As prev. reported Total	Adj. Sterling Pounds	Adj. Euro	Adj. Other	Adj. Total	As restated Sterling Pounds	As restated Euro	As restated Other	As restated Total
Assets	353,496,536	181,821,486	12,072,546	547,390,568	–	–	–	–	353,496,536	181,821,486	12,072,546	547,390,568
Liabilities	(512,865,640)	(128,852,455)	(8,880,027)	(650,598,122)	–	–	–	–	(512,865,640)	(128,852,455)	(8,880,027)	(650,598,122)
Derivatives receivables (notional)	–	–	–	–	166,634,559	2,768,625	7,724,280	177,127,464	166,634,559	2,768,625	7,724,280	177,127,464
Derivatives payables (notional)	–	–	–	–	–	(55,926,225)	(10,813,733)	(66,739,958)	–	(55,926,225)	(10,813,733)	(66,739,958)
Net open position	(159,369,104)	52,969,031	3,192,519	(103,207,554)	166,634,559	(53,157,600)	(3,089,453)	110,387,506	7,265,455	(188,569)	103,066	7,179,952

Foreign currency sensitivity

Foreign currency sensitivity analysis has been performed on the foreign currency exposures inherent in the Bank's financial assets and financial liabilities at the reporting dates presented, net of FX derivatives.

The sensitivity analysis shown provides an indication of the impact on the Bank's profit or loss following reasonable potential changes in currency exposures. Reasonable changes are based on an analysis of historical currency volatility, together with our assumptions regarding near term future volatility.

The Bank believes that for each foreign currency net exposure it is reasonable to present a 5% appreciation / depreciation against the Bank's functional currency to demonstrate the exchange risk the bank is exposed to. If all other variables are held constant the tables below present the impact on the Bank's profit or loss if these currency movements had occurred.

2024	**Sterling Pounds US$**	**Euro US$**	**Other US$**
Net foreign Currency Exposure	**9,899,811**	**(3,771,487)**	**(607,025)**
Impact of 5% appreciation against US$	**494,991**	**(188,574)**	**(30,351)**
Impact of 5% depreciation against US$	**(494,991)**	**188,574**	**30,351**

2023 (Restated)	Sterling Pounds US$	Euro US$	Other US$
Net foreign Currency Exposure	7,265,455	(188,569)	103,066
Impact of 5% appreciation against US$	363,273	(9,428)	5,153
Impact of 5% depreciation against US$	(363,273)	9,428	(5,153)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Other than the correction to foreign currency sensitivity, there is no impact on the Bank's operating, investing, or financing cashflows for the years ended 31 December 2024 and 2023. The following table summarises the impact on the Bank's financial statements:

	Impact of correction of error								
Foreign currency sensitivity US$	**As previously reported Sterling Pounds**	**As previously reported Euro**	**As previously reported Other**	**Adjustment Sterling Pounds**	**Adjustment Euro**	**Adjustment Other**	**As restated Sterling Pounds**	**As restated Euro**	**As restated Other**
Net foreign Currency Exposure	(159,369,104)	52,969,031	3,192,519	166,634,559	(53,157,600)	(3,089,453)	7,265,455	(188,569)	103,066
Impact of 5% appreciation against US$	(7,968,455)	2,648,452	159,626	8,331,728	(2,657,880)	(154,473)	363,273	(9,428)	5,153
Impact of 5% depreciation against US$	7,968,455	(2,648,452)	(159,626)	(8,331,728)	2,657,880	154,473	(363,273)	9,428	(5,153)

Interest rate risk

Interest rate risk is the risk that arises due to the potential for investment losses resulting from a change in interest rates, and how that might impact on pricing structures within the Bank's assets and liabilities.

The Bank's Asset and Liability Committee ("ALCO"), assisted by Risk Management, meets weekly to monitor changes in interest rates in various currencies across the forward yield curve and the potential impact on the repricing of assets, liabilities, and derivative instruments.

The Bank manages part of that risk by match-funding certain deposits to loans. A 2% increase/(decrease) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and has been applied to risk exposures existing at that date.

2024	**Less than 3 months US$**	**Between 3 & 12 months US$**	**1 to 5 Years US$**	**Greater than 5 years US$**	**Total US$**
Gap sensitivity					
Assets	1,579,316,778	735,080,312	507,174,602	66,216,240	2,887,787,932
Liabilities	(1,297,125,662)	(487,228,175)	(459,251,487)	(644,182,608)	(2,887,787,932)
Net gap	22,858,393	485,350,219	129,056,918	(637,265,530)	-
Profit or Loss Impact (Increase)	(665,043)	(1,671,820)	(645,726)	(2,210,104)	(5,192,693)
Profit or Loss Impact (Decrease)	679,534	1,715,584	620,857	2,612,821	5,628,796

2023	Less than 3 months US$	Between 3 & 12 months US$	1 to 5 Years US$	Greater than 5 years US$	Total US$
Gap sensitivity					
Assets	1,768,836,804	614,233,531	438,892,830	55,163,607	2,877,126,772
Liabilities	(1,572,282,213)	(357,644,316)	(469,719,214)	(477,481,029)	(2,877,126,772)
Net gap	196,554,591	256,589,215	(30,826,384)	(422,317,422)	-
Profit or Loss Impact (Increase)	(457,649)	(1,006,529)	1,450,570	(1,893,024)	(1,906,632)
Profit or Loss Impact (Decrease)	467,512	1,021,613	(1,600,365)	2,189,131	2,077,891

The year-on-year movement is primarily due to the origination of assets with longer maturities and a change in the funding mix compared to prior year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

36 Financial risk management (continued)

Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total statutory capital as at 31 December 2024 is US$ 382.2 million (2023: US$ 336.0 million).

Regulatory capital is determined in accordance with the requirements stipulated by the FCA and the PRA. Capital adequacy and the use of regulatory capital are monitored by the Bank's ALCO in accordance with the guidelines developed by the Basel Committee implemented by the FCA and the PRA. Each bank is required to maintain a ratio of total regulatory capital to risk- weighted exposures at or above a level determined for each institution.

The Bank's total regulatory capital qualifies as Tier 1 capital, which is the total of the issued share capital, retained earnings and regulatory adjustments.

	2024	2023
Capital Resources	**US$**	US$
Share capital	**136,701,620**	136,701,620
Reserves	**(598,009)**	(4,506,575)
Retained earnings	**246,049,685**	203,826,336
Total statutory capital	**382,153,296**	336,021,381
Regulatory adjustments (unaudited)		
IFRS 9 transition adjustment	**–**	4,507,146
Value adjustments due to the requirements for prudential valuation	**(1,381,932)**	(1,670,560)
Other intangible assets before deduction of deferred tax liabilities	**(2,446,032)**	(771,955)
Total regulatory capital (CET1)	**378,325,332**	338,086,012

CET1 represents Common Equity Tier 1 capital.

Included in Retained earnings is Profit for the year of US$ 42,223,349 (2023: US$ 54,837,411).

IFRS 9 Transitional adjustment is US$ Nil for current year due to the fact that the aggregate of ECL Allowance for Stage 1 and Stage 2 financial assets is less than transition amount of US$ 10,462,383 at the time of implementation of IFRS 9.

Capital planning is integrated into Zenith UK's annual budgeting process. Regular returns are submitted to the PRA which include a two-year rolling forecast view.

Going concern capital requirements are examined on a forward-looking basis. The capital adequacy ratio and capital requirements are assessed under plausible future scenarios based on the following:

1. Forecast of future business performance, given the expectations of economic and market conditions over the period.

2. Forecast of future business performance under adverse economic and market conditions over the period.

Review of capital requirements under the above conditions enable Zenith UK to determine whether its capital will be sufficient to meet internal and regulatory requirements. Stress testing techniques are adopted to assess capital levels under adverse economic and market conditions.

Zenith UK allocates capital across its strategic business units, considering the applicable regulatory requirements, strategic and business objectives, risk appetite and the need to ensure optimal capital usage. The Bank's Assets and Liabilities Committee (ALCO) approves the capital allocation framework.

During the year, the Bank complied with all capital requirements prescribed by the PRA.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

37 Share Capital: Allocated, Called up and Fully paid

	2024 US$	2023 US$
Authorised Share Capital	136,701,620	136,701,620
Issued Share Capital:		
35,001,000 ordinary shares of GB£ 1 each	56,701,620	56,701,620
- Redenominated into 56,701,620 shares of US$1 each		
30,000,000 ordinary shares of US$1 each	30,000,000	30,000,000
50,000,000 ordinary shares of US$1 each	50,000,000	50,000,000
	136,701,620	136,701,620

As a part of the translation of the functional currency from GBP to USD in 2017, the 35,001,000 British Pound shares were redenominated into 56,701,620 US$ currency.

In May 2012, thirty million new ordinary shares of $1 each were issued and fully subscribed to by the Parent entity, followed by fifty million new ordinary shares of $1 each were issued and fully subscribed to by the Parent entity in September 2014.

As at 31 December 2024 and 2023, the issued share capital comprises 136,701,620 ordinary shares with a par value of $1 each.

The rights attached to the ordinary shares of the Bank include the right to receive dividends, vote at general meetings, and attend general meetings. The Bank's ordinary shareholder is also entitled to receive the residual value of the Bank's assets in the event of winding-up, after payment of all debts and liabilities.

Additionally, the shareholder is entitled to receive notices and reports from the Bank and to inspect certain its records.

The Bank has only one shareholder and all ordinary shares are ranked pari passu.

38 Related party transactions

Transactions with Key Management Personnel:

Key Management Personnel ("KMP") are considered to be the Bank's Directors and individuals who hold Senior Management Functions ("SMF") within the Bank. Disclosures regarding Directors' emoluments and other transactions are provided under Note 10.

The KMPs' remuneration during the year is as follows:

	2024 US$	2023 US$
Short-term employee benefits	2,551,414	2,112,728
Post-employment benefits	362,689	176,186
Other long-term benefits	735,705	524,050
Total	3,649,808	2,812,964

Post-employment benefits represent the Bank's contribution to the defined pension contribution plan for KMP.

The total outstanding transactions with KMP are US$ 2,428 (loans) and US$ 283,424 (deposits) as at 31 December 2024 (2023: US$ 4,265 (loans), US$ 606,874 (deposits)). The loans are issued at terms that apply to employees of the Bank. i.e. below market rate. The deposits are placed at normal commercial market rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

38 Related party transactions (continued)

Transactions with Parent and fellow Group companies:

A number of banking transactions were entered into with related counterparties within the Zenith Bank Plc Group in the normal course of business. These include loans and deposits. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions only when such terms can be substantiated. Outstanding balances at the end of the year and related party income for the year are as follows:

	2024 US$	2023 US$
Assets *(amounts included in Loans and advances to banks in Note 14)*		
Amounts due from parent company	**286,820**	90,545,900
Amounts due from other members of the Group	**7,540,529**	6,123,446
Total	**7,827,349**	96,669,346
Liabilities *(amounts included in Deposits from banks in Note 26)*		
Amounts due to parent company	**524,190,327**	269,173,282
Amounts due to other members of the Group	**32,459,618**	26,779,599
Total	**556,649,945**	295,952,881
Fees and commissions		
Received from parent company	**4,523,216**	5,782,797
Received from other members of the Group	**835,831**	1,295,668
Total	**5,359,047**	7,078,465

The above table includes Trading and other income.

	2024 US$	2023 US$
Interest income		
Received from parent company	**6,219,666**	7,211,717
Received from other members of the Group	**213,758**	1,026,039
Total	**6,433,424**	8,237,756
Interest expense		
Paid to parent company	**14,272,266**	12,293,711
Paid to other members of the Group	**960,240**	694,043
Total	**15,232,506**	12,987,754

ECL Allowance on amounts due from parent company and other members of the Group is US$ 21,330 (2023: US$ Nil). All exposures to the Parent company are cash collateralised.

During the year, ECL Charge of US$ 21,330 was recognised (2023: US$ Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

39 Dividends proposed and paid

	2024	2023
	US$	US$
Proposed for current year	–	–
Paid for prior year	–	17,600,000

40 Ultimate parent company and controlling party

The Bank's immediate and ultimate parent, and sole shareholder is Zenith Bank Plc, a Bank incorporated in Nigeria. Group financial statements into which the Bank's results are consolidated are available from Zenith Bank Plc at Plot 84, Ajose Adeogun Street, Victoria Island, Lagos, Nigeria.

41 Significant events after the reporting period

The Directors confirm that there are no significant events since 31 December 2024 that require disclosure or adjusting in the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

42 Restatement of prior year Cash flow statement

Statement of cash flows

For the year ended 31 December

	As previously reported US$	Adjustment US$	As restated US$
Cash flows from operating activities			
Profit for the year	54,837,411	–	54,837,411
Adjustments for:			
Impairment provision charge/(reversal)	771,074	–	771,074
Depreciation of property and equipment	1,074,768	–	1,074,768
Amortisation of intangible assets	550,153	–	550,153
Interest expense on Right-of-use Lease liability	18,326	–	18,326
Current income tax expense	17,745,025	–	17,745,025
Deferred income tax expense	211,215	–	211,215
Deferred tax asset write off (legacy)	1,278	–	1,278
Interest Income	(148,015,884)	559,246	(147,456,638)
Interest Expense	51,768,873	–	51,768,873
Fair Value Movement on Securities measured at FVTPL	–	(161,131)	(161,131)
Fair Value Movement on Derivative contracts	–	(118,861)	(118,861)
Unrealised Foreign Exchange Losses	–	1,383,919	1,383,919
	(21,050,550)	**1,675,962**	**(19,374,588)**
Decrease in loans and advances to banks	17,720,794	589,007	18,309,801
Increase in loans and advances to customers	(37,968,440)	3,530,543	(34,437,897)
Increase in securities designated at fair value through profit or loss	(1,751,539)	(230,118)	(1,981,657)
Decrease in securities designated at fair value through other comprehensive income	155,867,577	4,532,944	160,400,521
Increase in other assets	(1,265,435)	105,206	(1,160,229)
Decrease in deposits from banks	(688,088,465)	(3,050,816)	(691,139,281)
Increase in deposits from customers	200,100,437	(22,485,276)	177,615,161
Decrease in deposits from Repurchase agreements and other similar secured borrowing	(30,579,358)	(1,652,062)	(32,231,420)
(Decrease)/Increase in derivative financial assets/ liabilities (net)	(118,861)	150,805	31,944
Increase/(Decrease) in other liabilities	(9,720,985)	14,717,679	4,996,694
Cash used in operations	**(416,854,825)**	**(2,116,126)**	**(418,970,951)**
Interest Income received	136,365,040	–	136,365,040
Interest Expense paid	(44,315,715)	–	(44,315,715)
Income tax paid	(19,414,513)	–	(19,414,513)
Net cash used in operating activities	**(344,220,013)**	**(2,116,126)**	**(346,336,139)**
Cash flows from investing activities			
Acquisition of securities measured at amortised cost	(26,729,752)	(22,315)	(26,752,067)
Proceeds from redemption of securities measured at amortised cost	21,071,506	–	21,071,506
Interest Income received	15,202,064	–	15,202,064
Acquisition of property and equipment	(60,188)	–	(60,188)
Acquisition of intangible assets	(328,438)	–	(328,438)
Net cash generated from investing activities	**9,155,192**	**(22,315)**	**9,132,877**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

42 Restatement of prior year Cash flow statement (continued)

	As previously reported US$	Adjustment US$	As restated US$
Cash flows from financing activities			
Repayment of Lease liability	(926,335)	–	(926,335)
Dividends paid to shareholders	(17,600,000)	–	(17,600,000)
Net cash used in financing activities	**(18,526,335)**	**–**	**(18,526,335)**
Net decrease in cash and cash equivalents	**(353,591,156)**	**(2,138,441)**	**(355,729,597)**
Cash and cash equivalents as at 01 January	629,660,723	–	629,660,723
Effect on exchange rate changes on Cash and Cash Equivalents	–	2,138,441	2,138,441
Cash and cash equivalents at 31 December	**276,069,567**	**–**	**276,069,567**

The restatement and reclassification relating to the prior year's Statement of Cash Flows are intended to enhance comparability with the current year's presentation, with separate disclosure of the effect of foreign currency translation on cash and cash equivalents to provide clearer information on exchange rate movements.

There is no impact on previously reported profit, net assets, or cash and cash equivalents.

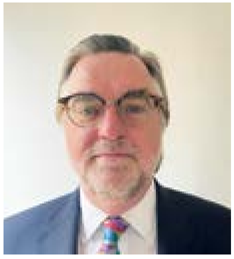
This change in presentation does not alter the measurement of any financial statement line item. As a result, in accordance with IAS 1 Presentation of Financial Statements, the inclusion of a third balance sheet is not required.

Zenith Bank (UK) Limited Executive Committee

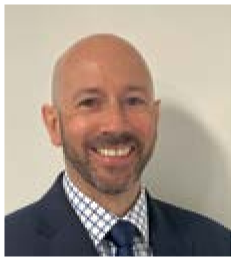
Udu Ovbiagele
Chief Executive Officer

Adeyemi Paul-Taiwo
Chief Financial Officer

John Driscoll
Chief Operating Officer

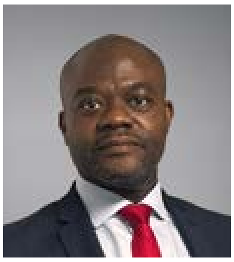


Joseph Crowley
General Counsel and Company Secretary



Glenn Ashbrooke
Chief Risk Officer

Niranjan Patel
Chief Compliance Officer



Henry Amadiegwu
Chief Information Officer

Chidi Ogbata
Head of Corporate Banking & Wealth Management

Natalia Andrew
Head of Multinationals & Financial Institutions

Mark Parlour
Head of Treasury & Markets

Chinwendu Erinne
Head of Trade Services

Oluwaniyi Eresanmi
Head of Internal Audit

Theresa Eplett
Head of Human Resources

Adeola Akintimehin
Senior Executive Officer, Dubai Branch

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