FirstBank UK

RECHARGED

FirstBank UK Limited

Annual Report and Accounts 2024

PREMIUM BOARD LISTED

In this Report

The FirstBank UK Limited audited financial statements in this Annual Report have been prepared under the International Financial Reporting Standards (IFRS). Unless otherwise stated, the income statement compares the 12 months of 2024 to the corresponding 12 months of 2023, while the statements of financial position compare the closing balances as at 31 December 2024 with those as at 31 December 2023.

Except where otherwise disclosed, all balances and figures relate to continuous operations. Relevant terms used in this document but not defined under applicable regulatory guidance or the IFRS are re-explained in the abbreviation section of this Report. In this Report, the abbreviations 'mn', 'bn' and 'tn' represent millions, billions and trillions, respectively.

FirstBank UK Limited is a subsidiary of First Bank of Nigeria Limited.

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Welcome to FirstBank UK

Our Business

FirstBank UK is a licensed bank in the United Kingdom, authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. FirstBank UK was incorporated in England and Wales in 2002 as a Limited Company under the Companies Act 1985.

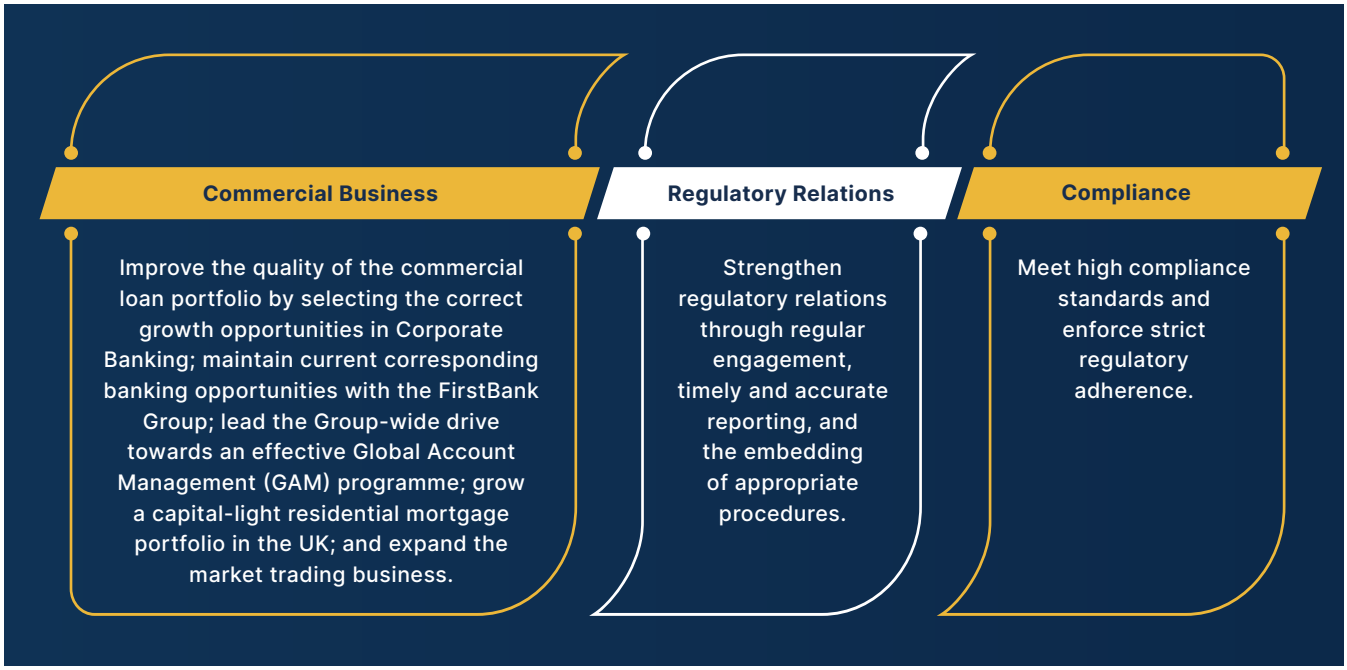
Prior to that, it had operated as a Branch of its parent company since 1982, being the first Nigerian bank in the UK. Our vision is to be the leading UK bank for African trade and investment, driving responsible growth and providing excellent services. We have built a reputation on highly personalised client services, deep expertise of Nigerian and other African markets, and strong compliance and governance that takes a long-term view of our clients' and our own businesses to ensure the right outcomes and best service for our customers. As the preferred service provider, we create prosperity, changing lives for the better.

FirstBank UK is a subsidiary of First Bank of Nigeria Limited (FirstBank) and an ultimate subsidiary of First Holdco Plc (formerly FBN Holdings Plc), a publicly listed entity on the Nigerian Exchange. FirstBank is Nigeria's most valuable banking brand and one of the country's largest financial institutions in terms of total assets and gross earnings. FirstBank was founded in 1894 as the Bank of British West Africa, and it was the first financial organisation on the African continent.

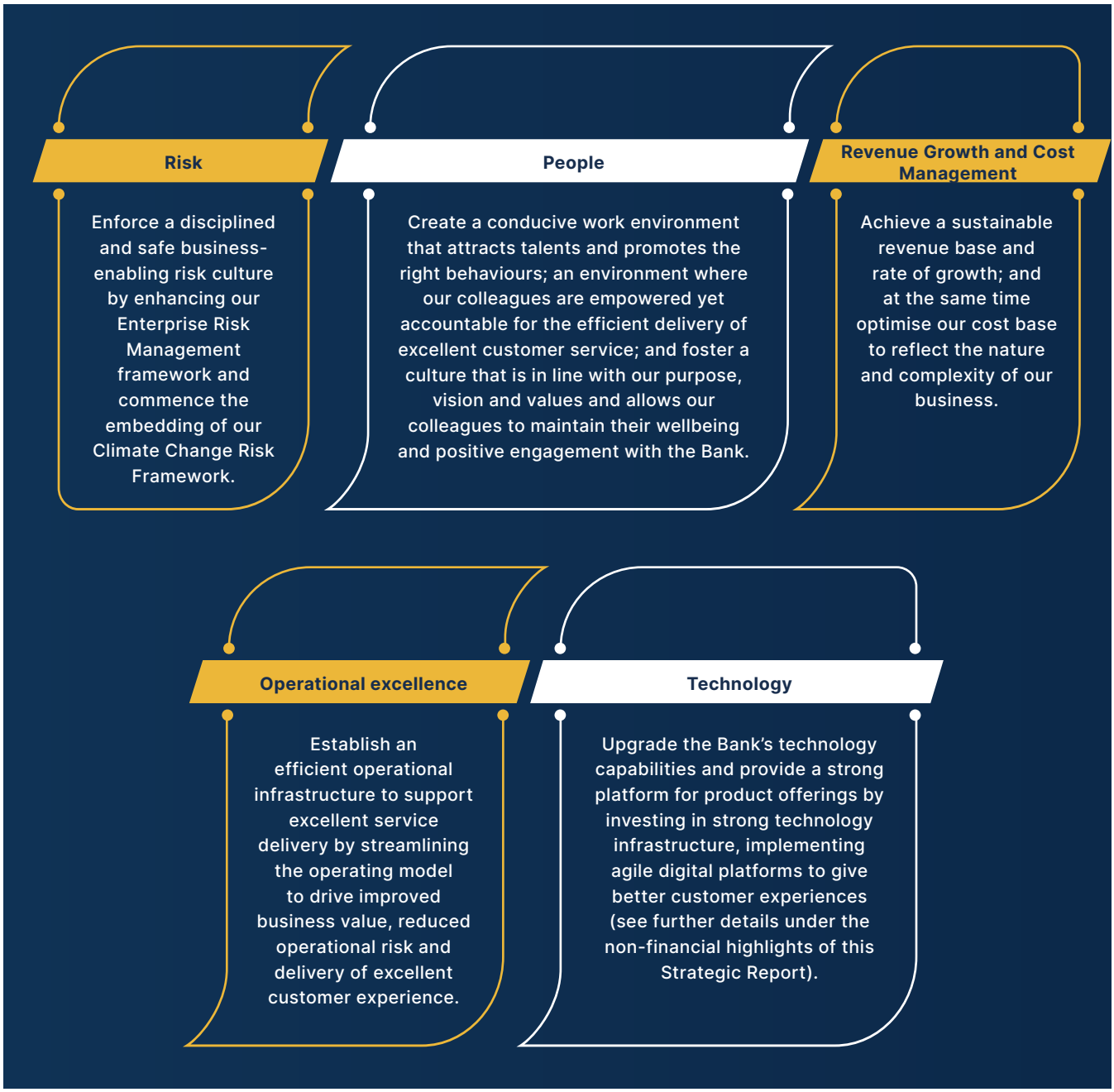
FirstBank UK provides banking services to government institutions, financial institutions, corporates and individuals from Europe, Nigeria and Sub-Saharan Africa (SSA), with the aim of becoming their preferred UK and European Bank. The Bank is the international banking arm of FirstBank and acts as a correspondent to many African banks. As part of the FirstBank Group, FirstBank UK benefits from the strong support of its parent company. The Bank operates from the city of London with representative offices in Paris and Lagos.

Our Approach

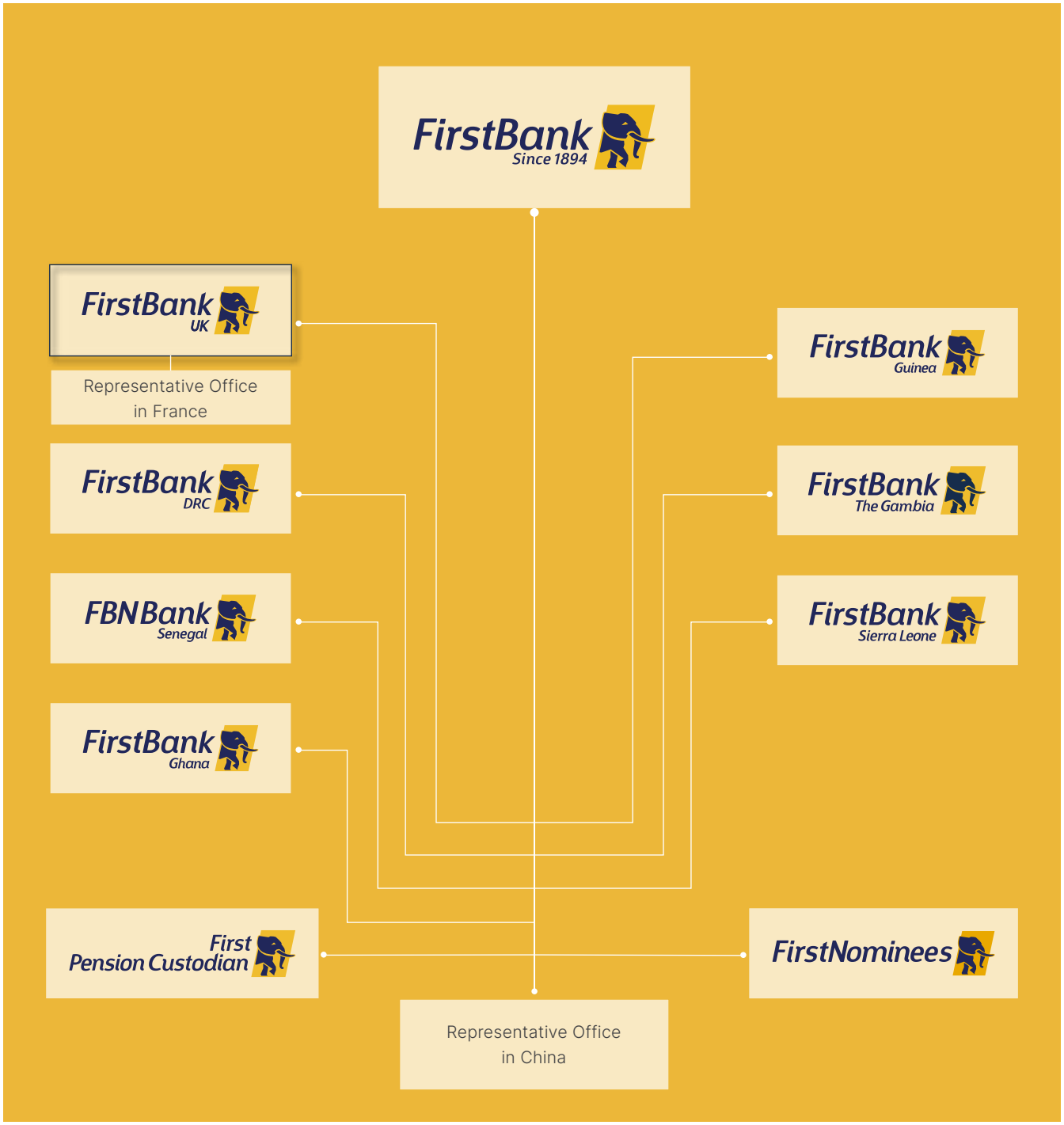
The Bank's current strategic plan focuses on embedding stability, generating sustainable profits, and growing its business safely. The current business plan is expected to deliver the following strategic imperatives, with good progress made thus far:



Our Business



Our Structure



Our Business Model

FirstBank UK provides banking and financial services to individuals and firms interested in carrying out transactions within Nigeria and other African countries. The Bank's business units offer a wide range of banking products and services, namely:

Corporate Banking

Provides trade and commodity financing, structured financing, corporate lending and advisory services for trading houses and African corporates; and is the primary driver of incremental income through:

- Sector expertise in energy, mining and metals, and soft commodities, with a focus on enhancing origination and risk management capabilities;
- Increased interaction with African firms and commodities trading houses as well as diversification of our existing clientele base; and
- Improving First Bank of Nigeria Limited's performance across the origin-to-distribute value chain by developing risk distribution capabilities and becoming a global asset distribution centre.

Institutional Banking

Focuses primarily on African financial institutions, including commercial banks and non-bank financial institutions that provide short-term and medium-term trade finance:

- Utilises FirstBank's existing financial institution partnerships across the network and expands strategic relationships at the FirstBank UK level; and
- Captures European export flows into Africa, providing risk advisory and mitigation services to European exporters.

Private Banking

Provides offshore private banking solutions for FirstBank Group customers and other customers, with a strong focus on Nigerian high-net-worth individuals.

Markets

Enhances our value proposition and serves our customers in multiple geographies by providing a niche service in flow business for our customers in capital markets instruments including Nigerian/SSA Eurobonds, Non-Deliverable Forwards (NDFs) and Open Market Operation (OMO) bills.

These strategic business units are complemented by the Treasury division which ensures the availability of stable funding to support their growth.

Performance Highlights

Financial

GROSS EARNINGS 18.4% ▲

Gross earnings up year-on-year by 18.4% resulting from increase in interest income arising from growth in earning assets.

2024: $199.4mn
2023: $168.4mn

NET INTEREST INCOME 15.5% ▲

Net interest income increased by 15.6%, resulting from the effective optimisation of the Bank's earning assets.

2024: $110.2mn
2023: $95.4mn

NON-INTEREST INCOME 7.7% ▼

Non-interest income reduced by 7.7%, due to reduction in trade finance related fees and commissions income as a result of reduced letter of credit transactions.

2024: $12.1mn
2023: $13.1mn

OPERATING EXPENSES 20.0% ▲

Operating costs grew by 20% driven by inflation, operational improvements and business growth initiatives.

2024: $60.4mn
2023: $50.3mn

PROFIT BEFORE TAX 28.4% ▲

Profit before tax increased year-on-year due to growth in revenue and reduced impairment charge as the Bank's asset quality improved year-on-year.

2024: $61.1mn
2023: $47.6mn

RETURN ON EQUITY (ROE) 11.4% ▲

ROE improved to 12.70% due to improved earnings.

2024: 12.7%
2023: 11.4%

CAPITAL ADEQUACY RATIO (CAR) 3.5% ▲

CAR remains robust and increased by 3.5% arising from retained profit and changes to the Bank's balance sheet mix.

2024: 29.7%
2023: 28.7%

Performance Highlights
Non-Financial

Culture and Corporate Values

At the core of our organisation is an unwavering commitment to our customers, fundamental to our purpose, vision, and values. We are dedicated to fostering a culture that emphasises ethical practices, ensuring that we always act in the best interests of our customers, shareholders, and the wider community. Our vision is to drive sustainable growth and deliver exceptional service, with unwavering standards of quality and compliance assurance across our entire customer base.

We are also dedicated to building an inclusive and diverse workforce, deeply valuing respect for diverse cultures and perspectives. Our conduct and values-driven approach is evident in the rigorous standards we uphold when engaging with counterparties, market players, and regulatory bodies in all our locations.

Safeguarding the financial system is integral to our operations. This commitment is strengthened by our ongoing internal efforts to operate with high-performance standards, striving towards best-in-class practices.

By weaving these values into our daily operations, we not only pursue success but also strive to make a meaningful impact on the communities we serve and the industry.

Communities and Environment

At FirstBank UK, we believe that strong business can only thrive when we care for our customers, communities, and the environment.

We are committed to making a positive social impact, continuing to support charitable causes and social initiatives. Over the years, we have backed several deserving projects that reflect the Bank's dedication to social responsibility. In 2024, FirstBank UK donated to various causes, reinforcing our ongoing commitment to giving back.

In line with our focus on environmental sustainability, we are taking steps to further reduce direct carbon emissions through the adoption of advanced technology and improvements in our business practices. Additionally, we prioritise lending to environmentally sustainable partners as part of our Climate Change Risk Framework, ensuring that our financial support aligns with a greener, more sustainable future.

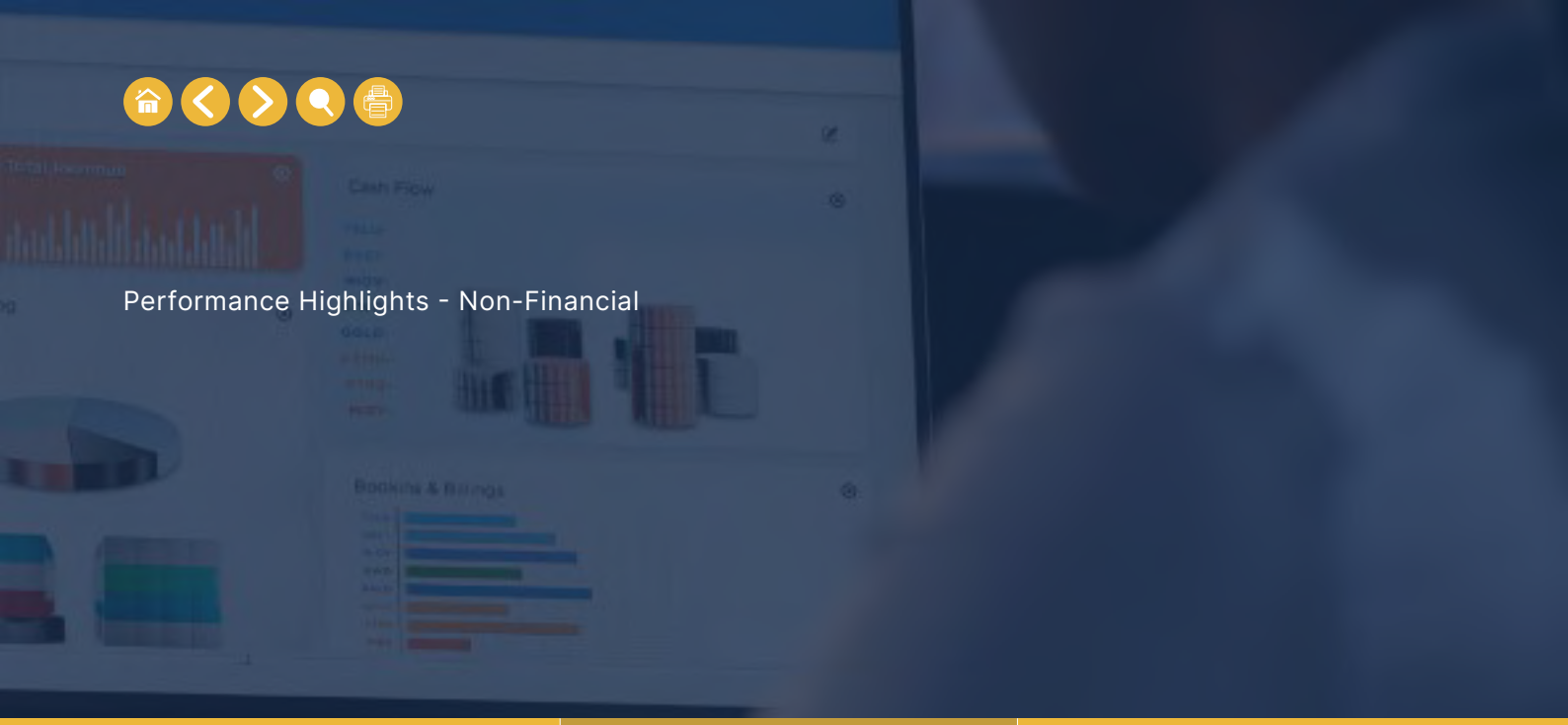
Human Rights and Modern Slavery Act

The Bank is committed to upholding its Human Rights Policy and Modern Slavery Statement. Our supply chain is primarily composed of online IT-enabled enterprise and software service suppliers, and suppliers of office-related goods and services within the UK. We partner with global suppliers, seeking to ensure that none of them use or benefit from any form of modern slavery or human trafficking. Our vendor due diligence process has been strengthened to better validate our suppliers' stance on modern slavery and their compliance with our standards.

Based on the assessment of our employment structure, the Bank assesses its risk of infringement under the Modern Slavery Act to be low. Additionally, our Whistleblowing policy provides a secure and anonymous way for anyone to raise concerns. We thoroughly investigate all reported issues, and appropriate actions are taken to address any issue raised.

Anti-Bribery and Corruption

The Bank's anti-bribery and corruption policy governs all areas and functions of its operations. It is our firm policy to conduct our business with honesty and ethical integrity. Taking a zero-tolerance stance towards bribery and corruption, we remain committed to acting professionally, fairly, and with integrity in all our relationships and business dealings. We are committed to implementing and enforcing robust systems to prevent bribery and corruption in all forms. To ensure continuous awareness, the Bank provides all employees, including new hires, with annual training on countering bribery and corruption.



Performance Highlights - Non-Financial

Corporate and Social Responsibility

The Bank is dedicated to conducting its business in a socially responsible manner, ensuring that all operations adhere to ethical and legal standards. As part of our commitment to responsible business practices, we refrain from engaging in certain types of business activities that conflict with our ethical principles or legal obligations.

Handling Complaints

The Bank is committed to managing all customer complaints with honesty, fairness, and professionalism. While current regulations apply to eligible complainants only, we ensure that every complaint is addressed with the same level of care and attention. This approach underscores our commitment to delivering good outcomes for our customers at all times.

The Bank's Board and management fully support these procedures, emphasising the importance of high standards in complaint handling. A positive approach is vital to ensure that complaints are addressed correctly; and controls are in place to identify any recurring or systematic issues. Root cause analysis is conducted regularly to detect emerging trends, and corrective actions are implemented accordingly. Our leadership team also prioritises addressing any concerns raised by employees.

Leadership

FirstBank UK is led by a team of skilled, diverse, and internationally experienced individuals. The leadership team is highly regarded in the field of African trade and fosters a professional and supportive environment that empowers our employees to maximise business opportunities for our clients. Our people are at the heart of our business, and everyone plays a crucial role in our collective success. The hard work, ideas, and experiences of our employees shape our culture and drive the future of the Bank. The dedication, insights, and experiences of our staff significantly influence our organisational culture and propel the Bank's future.

Information and Cyber Security

The Bank continues to invest heavily in developing robust cyber security controls to minimise the impact of cyber-attacks. Our multi-layered defence approach is designed to prevent and detect cyber incidents, and we continuously enhance our security protocols to safeguard the integrity of information assets. In addition to bolstering the Bank's defence against potential attacks, we actively monitor emerging issues and provide real-time alerts on security threats.

We protect our clients and staff against fraud and cyber security risks through education and increased communication focused on mitigating these cyber threats.

IT and Data Management

The Bank has successfully implemented several key application enhancements as part of our automation programme to build a more agile institution that can better respond to our customers' needs. The Bank strategically leverages data to drive innovation and gain a competitive business advantage; this remains a top priority for us. By expanding our data management infrastructure, we can introduce innovative solutions that meet customer needs, enhance service delivery, and improve the overall customer experience.

Strategic Report

Chairman's Statement

Overview

As we commence the inaugural year of our five-year strategic planning cycle, I am pleased to report that 2024 was a year of resilience and strong performance for FirstBank UK. In the face of a challenging macroeconomic environment in Nigeria, FirstBank UK has demonstrated commendable strength and adaptability, providing reassurance to our stakeholders.

Performance and Opportunities

The Bank achieved strong financial results in 2024, underscoring the exceptional talent and dedication present within our organisation. Our workforce has experienced substantial growth, reflecting our commitment to investing in human capital. FirstSave retail deposits remained stable during this period, a trend aligned with broader market conditions that underscores our successful customer engagement and trust.

FirstBank UK's revenue performance exceeded expectations, driven by significant growth in US Treasury bill income. The loans and advances portfolio benefitted from positive price variance and higher volume, contributing to an overall strong financial performance. Moreover, we observed improvements in asset quality, with a lower cost of risk (CoR) compared to prior year attributed to loan repayments.

> **"Our workforce has experienced substantial growth, reflecting our commitment to investing in human capital."**

Andrew Alli
Chairman, FirstBank UK

Chairman's Statement

Board and Management Effectiveness

Our Board continues to fulfil its oversight responsibilities concerning strategy, risk, and performance monitoring. In 2024, we bade farewell to Dr Adesola Adeduntan, both as a Board member of FirstBank UK and as Chief Executive Officer (CEO) of FirstBank Nigeria. He had served the FirstBank brand with unwavering dedication for over 10 years. We were pleased to welcome Olusegun Alebiosu, the CEO of FirstBank Nigeria, whose expertise and vision will be invaluable as we navigate the future. I would also like to thank Oluwatosin Adewuyi, who resigned from the Board in February 2025, for his stellar contribution and service to the Bank.

Operating Environment and Strategic Direction

The global economic landscape remains complex, marked by significant developments such as US policy changes and their potential impacts on African trade and markets. Nevertheless, our optimism regarding the opportunities that lie ahead remains robust. Our strategic direction focuses on strengthening our presence in Group footprint markets, leveraging technology to enhance the customer experience, and maintaining a prudent approach to risk management to instil confidence among our stakeholders.

Key Achievements and Challenges

In 2024, FirstBank UK attained several key milestones, including marked growth in deposits and revenue, as well as significant improvements in asset quality. However, we encountered challenges in navigating a volatile geopolitical climate and managing inflationary pressures. These experiences have fortified our resolve and adaptability, positioning us favourably for the future.

Vision for the Future

Looking ahead, my vision for FirstBank UK encompasses continued leadership, strong corporate governance, and enhanced stakeholder engagement. We will continue to prioritise innovation, sustainability, customer-centricity, and inclusive growth, thereby ensuring that we deliver substantial value to our shareholders, customers, and communities.

As we embark on this new strategic planning cycle, I am confident that FirstBank UK will continue to thrive and positively impact the financial landscape. I extend my sincere appreciation to our dedicated employees, loyal customers, and supportive shareholders for their steadfast commitment and trust, as they are truly valued for their contributions.

Conclusion

In summary, 2024 has been a year of remarkable achievements and invaluable lessons. As we transition into 2025, I am optimistic about the prospects and opportunities that await us. Together, we shall continue to develop a resilient, innovative, and inclusive financial institution.

Andrew Alli
Chairman, First Bank UK Limited

Managing Director/CEO's Review

A Confident Step Forward in a Dynamic Landscape

As we step into the first year of FirstBank UK's new five-year strategic planning cycle, I am proud to reflect on our achievements in 2024 amidst a dynamic and often challenging macroeconomic environment. While global events and political shifts are presenting headwinds, FirstBank UK has demonstrated resilience and adaptability. This underscores the strength of our people, our strategy, and our commitment to delivering exceptional value for our stakeholders.

Macroeconomic Overview and External Conditions

The global economic landscape in 2024 was marked by volatility, geopolitical tensions, and a tightening of monetary conditions across many markets. Despite these pressures, Africa's role as a vital economic partner to global markets continues to grow, with key reforms in major African economies addressing foreign exchange liquidity and supporting trade flows.

Domestically, the UK financial sector has experienced significant regulatory developments, including the continued emphasis on Consumer Duty. At FirstBank UK, we view this as an opportunity to reaffirm our commitment to placing customers at the heart of our operations. We have completed a customer-centric process designed to protect and empower our customers, ensuring they can pursue their financial objectives with confidence.

> **"We have completed a customer-centric process designed to protect and empower our customers, ensuring they can pursue their financial objectives with confidence."**

Olukorede Adenowo
Managing Director/CEO, FirstBank UK

Managing Director/CEO's Review

Financial and Operational Performance

FirstBank UK delivered a performance to be proud of in 2024, despite operating cost pressures and a competitive landscape. Total assets exceeded budget, driven by strong demand deposit growth, including contributions from fresh inflows supported by institutional investors. While customer deposits from our FirstSave product experienced a slight reduction as a result of deliberate recalibration, steady growth over the previous five-year cycle reflects the strength of our business's foundations.

Asset quality improvements were evident, with a lower-than-expected CoR driven by strong loan repayments. While our cost-to-income ratio was impacted adversely by remediation activities and headcount expansion to support business delivery, these investments have laid the groundwork for sustainable growth.

Key financial highlights:

- **Total assets:** Year-on-year growth with sustained momentum.
- **Customer deposits:** FirstSave deposits remained broadly stable after consistent expansion in previous years.
- **Asset quality:** Improved CoR performance due to disciplined credit management and loan repayments.

Key Achievements and Market Positioning

2024 marked the culmination of our previous five-year strategic cycle, during which FirstBank UK strengthened its competitive position in key markets. Highlights of the year included:

- Launching customer-centric initiatives aligned with regulatory changes, ensuring the best outcomes for our clients.
- Continued investment in innovation, including the development of digital applications to enhance customer experience in wealth management and payments.
- Progress in enhancing our OJA Eurobond trading platform to support the expansion of our markets trading business.

As we look to the future, our aspiration is clear: FirstBank UK aims to secure the number one position among African banks in the UK. Achieving this goal requires a redefinition of our business. Hence in 2024, we began exploring opportunities for new business segments, and strategic alliances to support our growth agenda.

Strategic Vision: New Thinking for a New Era

The commencement of our new five-year strategic cycle signals a time for bold ideas and fresh thinking. Our strategy formulation process has been robust and inclusive, and we are committed to building on our strengths while addressing areas for improvement. At the core of our vision are:

1. **People and Culture:** Deploying talent and an authentic, values-driven culture are the foundation of everything we do. Investing in our people remains a top priority.
2. **Innovation:** We continue to build cutting-edge digital solutions to meet the evolving needs of our customers, demanding seamless payment platforms and digital wealth management tools.
3. **Market Leadership:** Leveraging our expertise and strategic relationships to expand our presence in key markets, address foreign exchange (FX) liquidity challenges, and support trade flows.

Global geopolitics and shifts in trade dynamics, will undoubtedly influence markets where we are active. FirstBank UK is well-positioned to navigate these changes, using our deep local knowledge and strong network to capitalise on emerging opportunities.

A Confident Outlook for 2025 and Beyond

As we look ahead, I am confident in FirstBank UK's ability to deliver sustainable growth and exceptional value for all stakeholders. Our immediate priorities for 2025 include:

- Accelerating the build-out of our OJA Eurobond trading platform to enhance market offerings.
- Expanding our digital capabilities to drive customer engagement and operational efficiency.
- Strengthening our balance sheet through disciplined cost management and strategic investments.

The coming year represents both an opportunity and a responsibility to reaffirm our leadership position as the premier African bank in the UK. With the talent, strategy, and resilience of our people, I am optimistic that we will continue to exceed expectations, deliver value, and create a lasting impact for our customers and communities.

Closing Remarks

In closing, I want to thank the Board, our employees, customers, shareholders, and partners for their unwavering support and trust in FirstBank UK. Together, we have laid the foundation for a bright and transformative future. As we embark on this exciting new chapter, I look forward to delivering on our strategic vision and achieving even greater success in the years ahead.

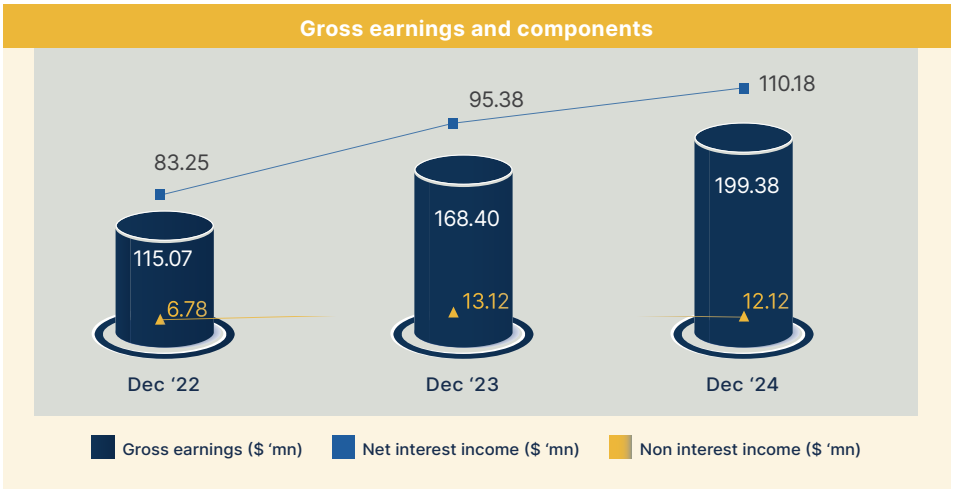
Sincerely,

Olukorede Adenowo
Managing Director/CEO

Financial Review

The Bank delivered a strong performance in 2024 with improvement across all its business lines. The Bank recorded improved financial metrics; it recorded 28% improvement in profit performance resulting in profit before tax of $61.1mn (2023 $47.6mn).

Financial Performance Review



Net Interest Income

Gross earnings increased by $31.0mn to $199.4mn (Dec 2023: $168.4mn) on the back of growth in interest income. Interest income was up year on year by 21% to $187mn (Dec 2023: $155.3mn) arising from increase in margins and growth in earning assets. Interest income from debt instruments increased by 61% and interest on loans and advances (banks and customers) increased by 11%. Interest income from loans and advances to banks was the largest contributor, growing by 6% to $90.4mn benefitting from the Bank's correspondence banking services. Increase in the volume of debt securities drove the robust growth in interest earned on the portfolio. Interest expense increased by 29% driven by delayed transmission of base rate reduction to funding costs.

Non-Interest Income

Non-interest income reduced by 8% to $12.1mn (Dec 2023: $13.1mn) with fees and commissions income contributing 68% arising from trade finance transactions.

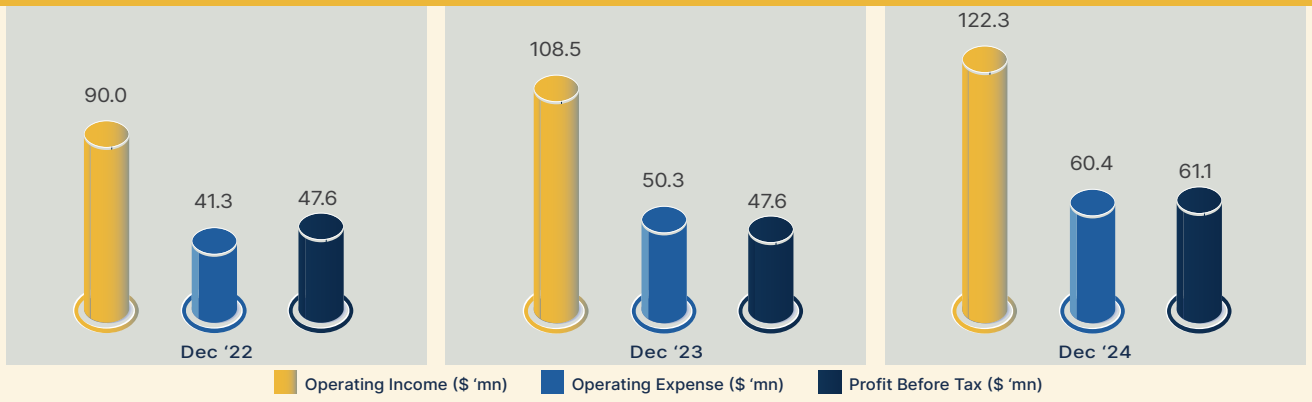
Operating Expense

Operating expenses increased by 20% driven by inflation, operational improvements and business growth initiatives including strategic hiring across the business teams and key control functions.

Credit impairment of $0.9mn was down year on year by 92% reflecting the improvement in asset quality.

Financial Review

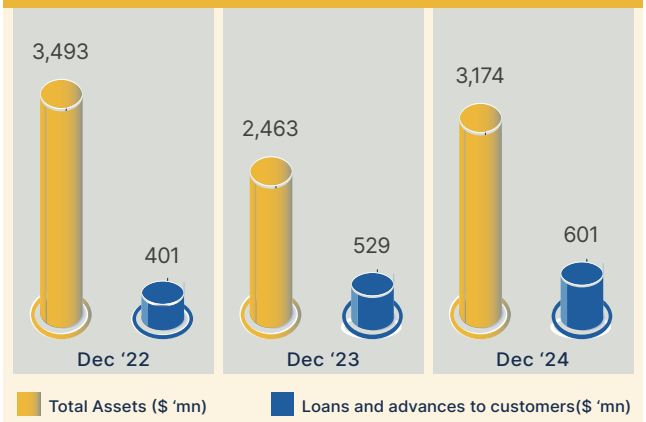
Three-year summary of operating income, operating expense and profit before tax



Statement of Financial Position Review

Assets

Three-year comparison of total assets and loans and advances



Total assets increased by 29% as the Bank's debt investment portfolio grew by 129% to match the increase in deposits from banks. Loans and advances to customers grew by 14% expanding the Bank's corporate banking business activities across the FirstBank Group presence countries.

Liabilities and Equity

	2024 $ 'mn	2023 $ 'mn	Change %
Deposits from Banks	1,518	714	113%
Customer Deposits	1,060	1,249	(15%)
Other Liabilities	150	85	76%
Equity	382	336	14%

Deposit liabilities (banks and customers combined) grew by 31%, deposit from banks grew by 113% while customer deposit reduced by 15%. The Bank's retail funding base continues to be well diversified with a strong support for its flagship product FirstSave across its two deposits aggregator channels. The Bank continues to enjoy strong funding supports across its primary markets with its established clients. Equity grew by 14% with the addition of $45.8mn of profit after tax added to shareholders' funds.

Capital and Liquidity Management

	2024 $ 'mn	2023 $ 'mn	Change %
Risk Weighted Assets	1,396	1,237	13%
CET 1 Capital	363	309	17%
Total Available Capital	414	354	17%
CET 1 Capital Adequacy Ratio	26.1%	25.0%	
Total Capital Adequacy Ratio	29.7%	28.6%	
Liquidity Capital Ratio	278%	161%	

Risk weighted assets grew by 13% year on year as the Bank continues to strategically grow its business to optimise opportunities in its primary market while focusing on building healthy capital buffer for its strategic expansion into adjacent businesses. The available capital increased by 17% as profit after tax for the year was added to the capital available. Total capital adequacy ratio of 29.7% was well above the regulatory requirement. The Bank maintained healthy liquidity ratio with significant headroom above the regulatory threshold of 100% for liquidity coverage ratio.

Divisional Operating Review

FirstBank UK promotes economic growth and prosperity by providing a range of banking services through its three strategic business units: Corporate Banking, Institutional Banking, and Private Banking.

At FirstBank UK, we pride ourselves on delivering exceptional customer service through our dedicated and experienced relationship managers, backed by support teams committed to crafting world-class customer experiences. Through its four core business groups, FirstBank UK offers a diverse range of products and services primarily to corporates, financial institutions, and high-net-worth individuals (HNIs).

FirstBank UK consistently offers cutting-edge financial solutions and exceptional professional services to our valued customers. The Bank's impressive market presence has garnered numerous awards and recognitions. Our unique competitive advantage in a highly competitive market stems from our profound understanding of the African market and our ability and capacity to retain elite, highly skilled staff who bring our business strategies to life and provide customers with specialised knowledge.

Overview

FirstBank UK has operated from the city of London for the past 42 years, evolving from a branch to a fully-fledged subsidiary of the FirstBank Group in 2002. The Bank's steady growth has been fuelled by strategic business diversification, robust capital base strengthening, expansion of funding base, continued excellent service delivery, and the attraction and retention of talented people.

Corporate Banking

This business unit creates value for customers by supporting African and other emerging markets corporates in trade and commodity finance, structured financing, corporate lending and advisory. It provides financial solutions, particularly funding to both large and medium-sized corporates, in the form of trade commodity loans, purchasing and discounting facilities, transactional stock financing, and general working capital financing.

In this business unit, income is derived from interest earned on lending activities, fees and commissions for facility and trade transactions. FirstBank UK's corporate facilities are predominantly short-term and revolving. The major sectors served include oil and gas, soft commodities, and metals and mining.

FirstBank UK remains a strategic partner of choice due to its capacity, credibility and strength of a UK-incorporated financial institution and a deep understanding of, and proximity to the African market. In addition to being a flagship within the FirstBank Group, Corporate banking will continue to be a strategically important segment to the Bank, through a deliberate policy of attracting high-quality customers and selling down of lower-rated assets.

Total portfolio income of $40.87mn (2023: $32.35mn) represented 20.9% (2023: 19.8%) of FirstBank UK's total business revenue.

Institutional Banking

FirstBank UK acts as a correspondent Bank to several African banks, facilitating trade flows between various African countries and the rest of the world through its Institutional Banking business unit. This is achieved through transactions with other financial institutions; these transactions include trade finance, letters of credit confirmations, foreign exchange transactions, payments and cash management, clearing and general lending.

Divisional Operating Review

FirstBank UK earns interest and fee income from balance sheet lending to financial institutions, while commissions are generated from trade finance business activities, remittances and foreign exchange transactions.

Institutional Banking will continue to be a strategic business unit at FirstBank UK as we seek new opportunities to expand our market share and further deepen the trade flows between Africa and the rest of the world, leveraging the footprint of the FirstBank Group. Institutional Banking contributed $65.41mn (2023: $77.72mn) or 33.4% (2023: 47.6%) of the Bank's total business revenue.

Private Banking

Private Banking provides coverage of wealth management and investment advisory, portfolio lending, mortgage finance and lifestyle services. The aim of the Bank is to provide highly professional, and personalised services through advice on investment products in addition to more traditional banking services. This business unit aims to create a private banking brand that offers holistic wealth management service to HNI's from West Africa working in synergy with the FirstBank Group.

London remains the world financial capital, and our Private Banking team offers exciting solutions to our customers.

Our Private Banking business continue to significantly grow its assets under management (AUM) portfolio. The gross income generated by the business unit in 2024 was $13.07mn (2023: $11.37mn) representing 6.7% (2023: 7.0%) of FirstBank UK's total business revenue.

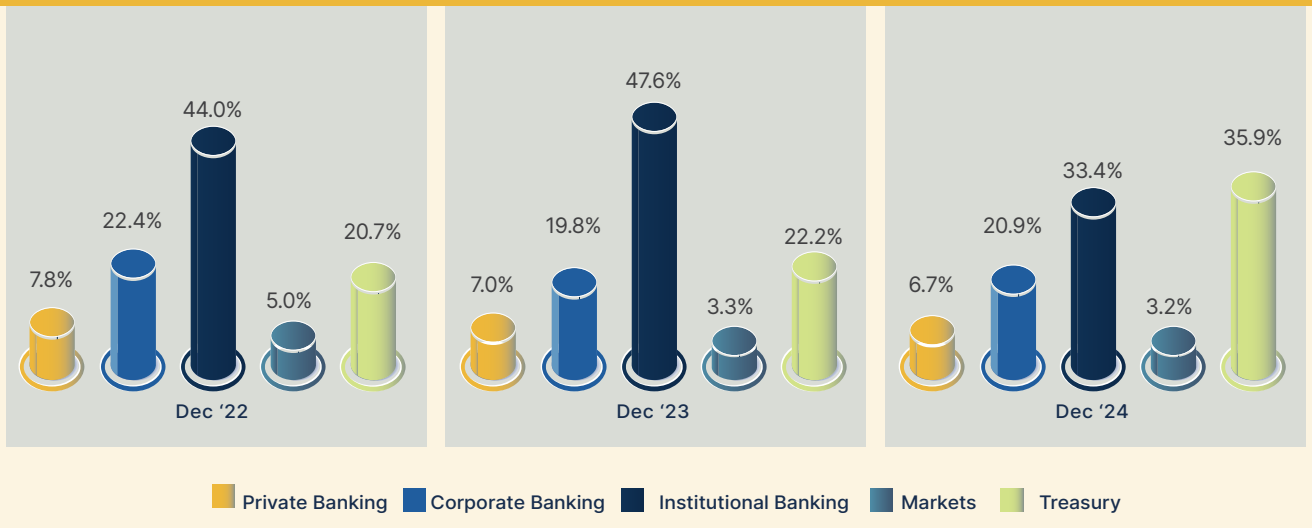
Treasury & Markets

The treasury function provides liabilities to fund asset growth and ensures compliance with liquidity requirements. Interest income is derived from investing surplus liquidity into treasury investments. Businesses are charged funding cost based on size and tenure of risk assets, which is reflected as income to Treasury. Other Income is mainly derived from Foreign Exchange activities including swap cost.

Markets business focuses on credit trading in SSA (sub-Saharan Africa) Eurobonds.

Revenue for the year was $76.66mn (2022: $41.72mn) representing 39.1% (2023: 25.6%) of the Bank's total revenue.

SBU Revenue Contribution



Corporate Responsibility and Sustainability

Our Role in the Community

At FirstBank UK, we believe businesses have a responsibility to make a positive impact on society. Our CSR efforts focus on community support, sustainability, and employee engagement, ensuring we empower and enlighten both our local and global communities.

In 2024, FirstBank UK reinforced its commitment to social causes, encouraging employees to actively participate in charitable donations, fundraising, and volunteering initiatives. We pledged support to two charities, as recommended by our esteemed Culture Forum members, ensuring that we make meaningful contributions to support our local community (London, UK) and our global community (Lagos, Nigeria).

Charity Partnerships

The Mayor's Fund for London, a politically independent charity, supports young Londoners from low-income backgrounds, focusing on:

- **Food and Wellbeing:** Ensuring children have access to nutritious meals.
- **Education and Skills:** Helping young people excel in school.
- **Employment and Enterprise:** Preparing them for the workforce.

The Lagos Food Bank Initiative is a non-profit that tackles malnutrition and hunger in underserved Nigerian communities while offering:

- Nutritional support for vulnerable groups.
- Waste reduction initiatives and entrepreneurship training.
- A network of 14,000+ volunteers reaching 2 million+ beneficiaries.

- Innovative Employee Engagement: Impact Through Gamification

Innovative Employee Engagement: Impact Through Gamification

In May 2024, FirstBank UK hosted an immersion event, creatively blending team-building with charitable giving.

Employees took part in a lively ping-pong ball challenge, where each successful attempt raised money for charity. The initiative:

- Fostered teamwork and corporate citizenship.
- Raised £1,010 for the Mayor's Fund for London and £1,028 for the Lagos Food Bank Initiative.
- Demonstrated FirstBank UK's ongoing commitment to social responsibility.

SPARK (Start Promoting Random Acts of Kindness) Week

FirstBank UK's annual CR&S Week in August centred on kindness within the workplace and beyond. The Senior Management Team (SMT) actively championed the cause, inspiring employees to embrace acts of kindness.

Employee Well-being Initiatives

1. **Sustainable Gifting:** Employees received branded bento boxes which reflected the Bank's commitment to employee engagement and corporate responsibility by promoting eco-friendly choices over single-use items.
2. **Relax & Recharge:** Free 30-minute massage sessions encouraged self-care. This effort fostered a culture of compassion and highlighted the importance of relaxation, empowering employees to thrive personally and professionally.
3. **Vitality Webinar:** A nutrition-focused session titled "Nutrition Tips to Boost Brain Health" provided actionable well-being insights.

Additionally, it fostered a sense of community among employees, who shared their individual experiences and methods for sustaining health and energy in the workplace.

In the spirit of FirstBank UK's vision "to create prosperity, changing lives for the better" and in celebration of SPARK week, the Mayor's Fund for London and the Lagos Food Bank Initiative each received a £1,000 pledge.

This brought FirstBank UK's pledge to a total of £4,038 for 2024.

Our Role in the Community

Fostering Inclusivity & Connection

- A digital Kudo Board allowed employees to share appreciation messages across global offices.
- A team kindness buffet lunch encouraged camaraderie, with Afrobeat music creating a festive atmosphere.
- Virtual participation was enabled for remote employees, reinforcing FirstBank UK's commitment to inclusivity.

Ibukun Adeeyinwo, Head of Syndications & Distribution and Deputy Head of Institutional Banking, proudly presented the SPARK Award that FirstBank UK received at the 2024 FAMA (FirstBank Annual Merit) Awards.

"We believe in the ripple effect of kindness—when one small act can ignite a movement. This award isn't just a celebration of what we've achieved, but a SPARK that lights the path toward even more meaningful impact."

Ibukun thanked all attendees of the lunch in celebration of SPARK Week and commended staff for fully embracing the programme, making it a memorable and successful initiative.

SPORTS FOR SOCIAL GOOD: Alive and Kicking

Alive and Kicking is a UK registered charity, a not-for-profit ball manufacturer. The charity creates ethical jobs for adults from vulnerable job groups and empowers refugees to set up their own micro enterprises.

They also utilise profit from sales of balls and additional fundraising to deliver programmes proven to boost physical, mental and social wellbeing of those that access them.

In June 2024, FirstBank UK employees participated in 5-a-side fundraising tournament, the Bank also donated £500 to support the charity.

Environmental Sustainability

FirstBank UK is dedicated to adopting sustainable practices that promote a lasting positive environmental impact. The Bank is focused on minimising its environmental footprint and progressing towards Net Zero goals by monitoring and enhancing energy consumption and employee commuting habits.

1. **London Office Energy Review**

   The Bank measured the carbon footprint of the London office to analyse energy usage. Based on findings, efficiency measures were implemented (e.g., optimised lighting and air conditioning settings), and future annual reviews will ensure continued reduction in carbon emissions.

2. **Employee Commuting Analysis**

   A staff survey captured commuting patterns, including modes of transport, distance, and frequency. Findings provided a baseline carbon footprint calculation. Insights will guide future commuting policies to reduce emissions.

Community Development Scorecard

CSR Initiative	Impact & Key Metrics (2024 YTD)
Charity Partnerships	£1,000 each pledged to The Mayor's Fund for London and to the Lagos Food Bank Initiative
Employee Engagement	Active staff participation in Kindness Week activities
Gamification Fundraiser	£2,038 raised for charity through interactive challenges
Wellness & Inclusion	Free massages, nutrition webinars, and sustainability gifting for employees
Alive & Kicking Partnership	A £500 donation and participation in a 5-a-side fundraising tournament
Carbon Footprint Measurement	Baseline energy and commuting emissions tracked for reduction planning
Sustainability Initiatives	Office energy efficiency measures implemented

Governance

Introduction

The Bank's vision is to be the leading UK bank for African trade and investment, driving responsible growth and providing excellent service in alignment with its purpose of creating prosperity and changing lives for the better. As the UK subsidiary of the foremost Nigerian bank, we are fully committed to operating our business responsibly and sustainably.

> **"FirstBank UK delivered a performance to be proud of in 2024, despite operating cost pressures and a competitive landscape."**

How do we ensure long-term sustainability?	Compliance statement	Monitoring risk
The Bank's robust corporate governance framework underpins our commitment to achieving our vision and mission. This framework is essential to our strategy for safeguarding and enhancing shareholder value.	The Bank is not a premium listed company. Nevertheless, the Bank strives to adhere to the highest standards of corporate governance as outlined in the UK Corporate Governance Code 2024 (the 'Code') insofar as they are applicable to our operations. The Board is confident that it has complied with the relevant provisions of the Code during the Financial year under review.	The Bank has implemented an Internal Capital Adequacy Assessment and an Internal Liquidity Adequacy Assessment process, as required by the Prudential Regulation Authority. These processes and documents provide assurance that the Bank has sufficient capital and liquidity to sustain its operations. The Bank has also established a recovery and resolution plan, empowering the Board to devise strategies to recover from adverse conditions that could otherwise hinder its growth and survival. This plan provides a set of options for addressing both firm-specific and market-wide stress.

Leadership and focus on people

We have a succession plan in place for key executive management positions. Every position is covered at least once, and potential internal candidates are given appropriate training.

Delivering shareholder value

First Holdco Plc maintains a majority shareholding in the Bank. It is essential that the shareholders, First Bank of Nigeria Limited and Arc Fin LP, are satisfied with the Bank's performance in creating value for all stakeholders.

The decision to pay dividends to shareholders is guided by the Bank's capital management policy, which considers its growth aspirations and value returned to shareholders. Annually, the Board will determine the percentage of post-tax profit to be paid as dividends, taking into account the Bank's business needs and regulatory requirements. Shareholders have approved the Bank's strategy to build its capital base organically, to support growth ambitions and comply with regulatory requirements. Consequently, no dividends were paid in the current year.

This report outlines the key features of the Bank's governance structure, providing a comprehensive understanding of how the main principles of the Code have been applied and highlighting areas of focus during the year. The report also includes items required by the disclosure and transparency rules.

The statutory disclosures required in the Strategic and Directors' reports are included in the Annual Report alongside our business model.

The Bank's growth has been strongly supported by the continuous evolution of its governance structure. To sustain this development, additional activities are planned, and changes to promote good governance are implemented continuously. These interventions are discussed in greater detail in the following sections.

Board of Directors

Andrew Alli
Chairman

Olukorede Adenowo
Managing Director/CEO

David Davis
Deputy CEO/
Chief Financial Officer

Lekan Adelekan
Executive Director,
Business Development

Patrick Crawford CB
Senior Independent
Non-Executive Director

Mfon Akpan
Independent
Non-Executive Director

Dr Adesola Adeduntan
Non-Executive Director
Resigned effective 31 May 2024

Oluwatosin Adewuyi
Non-Executive Director
Resigned effective 19 February 2025

Dr Catherine Raines
Independent
Non-Executive Director
Appointed 28 March 2024

Olusegun Alebiosu
Non-Executive Director
Appointed 1 August 2024

Management Team

Olukorede Adenowo
Managing Director/CEO

David Davis
Deputy CEO/
Chief Financial Officer

Lekan Adelekan
Executive Director,
Business Development

Grace Igbiniyesu
Chief Risk Officer

Antonio Gutierrez
Chief Operations
Officer

Paddy O'Hara
Money Laundering
Reporting Officer

Fozia Nazir
Head of
Compliance

Leadership

Andrew Alli
Chairman, Independent Non-Executive Director

Andrew Alli holds a B.Eng. in Electronics and Electrical Engineering, King's College London, an MBA, INSEAD Business School and is a Fellow of the Institute of Chartered Accountants in England and Wales.

He is a business leader and institution builder with almost forty years' experience, of which twenty-five years have been spent investing in and managing businesses in Africa. He is a financier and investor who has been involved in transactions in Africa aggregating well over USD10bn.

In 2008, Andrew was appointed President and CEO of the Africa Finance Corporation (AFC), which he led for ten years. Under his leadership, the AFC delivered over USD4.5bn in investments across thirty countries, becoming a leading African financier of infrastructure.

Andrew also has an extensive directorship experience, serving on the boards of several organisations in various jurisdictions across two continents.

Olukorede Adenowo
Managing Director/CEO

Olukorede Adenowo (K.O) was Chief Executive Officer (CEO) at Standard Chartered Bank (SCB) Nigeria where he spent 24 years until he resumed his role at FirstBank UK in November 2023. He had previously served as MD/CEO for SCB Gambia (with Senegal responsibility), DMD/DCEO for SCB Cameroon, Managing Director Corporate, Commercial and Institutional Banking for SCB Nigeria and West Africa. K.O has also served as Non-Executive Director of SCB Gambia and SCB Sierra Leone, Vice President of the Gambia Bankers Association and Trustee of the Institute of Bankers of Gambia.

He has a total of 38 years post-university experience in Banking, Finance and Consulting and was conferred with the 2015 Distinguished Alumni award by Deloitte Nigeria, Fellow of the Institute of Chartered Accountants of Nigeria in 2003 and Fellow of the Chartered Institute of Bankers of Nigeria in 2024.

In his penultimate role as Africa Co-Head Financial Institutions (FI) and Public Sector business for SCB, K.O provided strong leadership in building and managing key strategic FI relationships across West Africa. He worked closely with several Banks and Governments across the region in advising them on accessing international capital markets and ultimately improving the banks' visibility in Public Sector for business success and growth in an increasingly stringent regulatory environment. He has served as Managing Director, Origination and Client Corporates for SCB, and Director in Wholesale Banking in SCB Nigeria. He was appointed the first Regional Head of Global Corporates for SCB Africa where he led the Africa Multinational business.

He has worked in Societe Generale Bank Nigeria and Deloitte Nigeria, where he qualified as a Chartered Accountant in 1990.

David Davis
Deputy CEO/
Chief Financial Officer

David Davis has responsibility for overseeing the Finance, Treasury & Markets functions of the Bank. He served as interim CEO from April to November 2023 with an expanded remit to manage the Bank's business operations, resources and administration ensuring the right balance between growth and operational resilience in full compliance with all regulatory requirements.

Before joining FirstBank UK, David held senior finance positions whilst working with Standard Chartered for over 16 years at Group Finance in UK and as Country CFO in UAE, Botswana and Gambia. David is an accomplished banker with extensive experience in banking and financial services.

He has built and maintained strong professional relations with regulators, board members in developing and implementing strategic plans, driving and delivering performance improvement, effectively managing capital and liquidity and optimising the Bank's balance sheet. David has vast experience and exposure to the UK regulatory environment and has led the Bank's ICAAP and ILAAP processes for several years.

David has over the years developed an impactful leadership style with a reputation of getting things done. David is a Chartered Certified Accountant, holds a BSc (Hons) Economics degree from the London School of Economics, a Post Graduate Diploma in Management from Henley Business School and an MBA from Oxford Brookes University.

Lekan Adelekan
Executive Director,
Business Development

Lekan Adelekan is directly responsible for supervising and implementing the Bank's business strategy across all development areas. Prior to joining FirstBank UK, he spent the last 10 years of his career as a Senior Management Staff with First Bank of Nigeria Limited, where he was responsible for the Bank's Oil and Gas businesses, covering four key energy hubs (Lagos, Port Harcourt, Bonny and Abuja) and driving business synergies across FirstBank present countries in the UK, China, Ghana, Guinea, Gambia, Senegal, Sierra Leone and DR Congo. Prior to joining FirstBank in 2011, he gained experience at Access Bank, Zenith Bank, Sterling Bank, and First City Monument Bank. He possesses extensive experience in handling various tombstone project finance deals and structured commodity finance. He has successfully managed relationships with multiple multinational corporations and commercial clients.

Lekan is an experienced banker with over twenty-seven years of experience in operations, cash management, trade finance, project finance, private bank/wealth management, public sector, retail, commercial and corporate banking. He has spearheaded and engaged in many asset acquisitions through bi-lateral and syndicated financing arrangements and tombstone corporate and project finance structures in Gas-To-Liquid (GTL) and infrastructural development within and outside Nigeria. Origination and client coverage, risk management, trades and structured commodity finance and portfolio remediation, are amongst his skill set.

Lekan holds a Bachelor of Science Degree in Agronomy with First Class Honours from the University of Ibadan. He also has a Master of Management (MSc) from the London School of Economics and Political Science (LSE) and a Master of Business Administration (MBA) in Finance from Obafemi Awolowo University in Ile-Ife. He has taken several Executive Management and Leadership courses, including 'BOS' at INSEAD, the University of Michigan Ross School of Business and Cornell University. He is a Fellow of the Risk Management Association of Nigeria (RIMA), a qualified member of the Chartered Institute of Bankers of Nigeria (CIBN) - ACIB, a qualified member of the Institute of Chartered Accountants of Nigeria (ICAN) - ACA and a member of the Energy Institute of the United Kingdom (EIUK).

Leadership

Patrick Crawford CB

Senior Independent Non-Executive Director

Patrick Crawford is a Non-Executive Director and Chair of Gridworks Development Partners LLP, which invests in transmission, distribution and distributed renewable energy in Africa and which is wholly owned and supported by British International Investment, the UK Government's development finance institution. He is a Non-Executive Director of the Private Infrastructure Development Group Limited (PIDG), an infrastructure project developer and investor in Sub-Saharan Africa and South and South-East Asia funded by six governments and the International Finance Corporation.

He is also a member of the Alternative Investment Board of the Pearson Pension Fund and a Director of the Pearson Pension Property Fund; the Chair of The Caxton Trust, a UK educational charity; and the Honorary Treasurer of the Artists' General Benevolent Institution.

Patrick has been Chief Executive of The Charity Bank Limited, a UK-regulated deposit-taking bank with a social purpose, and of UK Export Finance, the UK Government's export credit agency. Before that, he was the Managing Director of Emerging Africa Advisers and the manager of the Emerging Africa Infrastructure Fund (now a PIDG entity). This followed twenty-six years in international export, project and trade finance, at Morgan Grenfell & Co. Limited and Deutsche Bank AG London, where he was a Managing Director and the global head of export and project finance.

Mfon Akpan

Independent Non-Executive Director

Mfon Akpan is an accomplished Risk, Assurance, and Governance leader, renowned for her ability to transform organisational frameworks and advance excellence in these fields. Passionate about fostering resilient organisations through innovative risk management and governance strategies, she brings a dynamic and forward-thinking approach to her work.

A Big Four trained professional with over two decades of cross-border leadership experience, Mfon has held pivotal roles at blue-chip institutions, including Barclays Group Plc, HSBC Group Plc, KPMG, and the International Finance Corporation, part of the World Bank Group.

At Standard Bank Group, Mfon served as Chief Risk Officer for Nigeria and Regional Head of Risk for West Africa, driving strategic initiatives to strengthen regional and in-country risk oversight and governance. She also served as a Non-Executive Director and Chair of the Board Audit Committee for its stockbroking subsidiary. Her expertise spans audit and advisory, regulatory examinations, and risk management transformations across Sub-Saharan Africa.

Mfon is currently a Director at the UK National Audit Office, where her remit includes policy formulation on the government's (and its overseas territories') financial and risk management practices. She is a Sloan Fellow from the London Business School (LBS), a Fellow Chartered Accountant (FCA), a Certified Risk Manager (CRM), B.Sc. Accountancy graduate, a British Chevening Scholar and has attended leadership and senior management courses at Wharton and Harvard Business Schools.

Tosin Adewuyi
Non-Executive Director

Tosin Adewuyi is the Executive Director, Corporate Banking Directorate at FirstBank. Prior to this appointment, Tosin was FirstBank UK's Executive Director and Head of Business Development, a role he occupied when he joined FirstBank in 2017. Tosin was also Group Executive, Corporate Banking, FirstBank, before his appointment as Executive Director. Under his leadership, the Corporate Banking Franchise at FirstBank achieved significant growth in assets and net revenue and took a market-leading position. Tosin was able to help reposition the business and portfolio of FirstBank UK, in line with the FirstBank Group's revised strategy for the UK Franchise.

Tosin pioneered collaborations between FirstBank, FirstBank UK and the African Subsidiaries via the Global Account Management Programme (GAM) and is responsible for ensuring growth across the Bank's Corporate Client base. He is an international banker, with over twenty-five years' experience covering Sub-Saharan Africa, with over fifteen of those spent in Senior Management roles. He joined FirstBank from J. P. Morgan, where he was a Managing Director and the Head of its Nigeria Business for eight years. Prior to J.P. Morgan, he worked at Standard Bank London Limited for six years and qualified as a Certified Chartered Accountant during the four years he worked at KPMG before the commencement of his banking career.

Dr Catherine Raines
Independent
Non-Executive Director

Dr Catherine Raines is a transformational business leader and former senior diplomat, who has lived and worked across the globe: in the UK, USA, Sweden and China.

In the first half of her career, she held various corporate leadership roles for AstraZeneca (AZ), starting out in a role as the first ever female production plant manager and culminating 20 years later as Vice President of Corporate Development (China), based in Shanghai (where she was also an executive member of the AZ (China) Board). She went on to hold senior Prime-Ministerial appointments in public life, firstly as Director-General of UK Trade and Investment for Greater China (UKTI China) based in Beijing - a role in which she led the UK contribution to the so-called "Golden Era" of trade and investment between the two countries, increasing supported trade outcomes 12- fold inside 2 years.

Subsequently she was appointed global CEO of UKTI, leading 2,700 people in 108 countries - and overseeing the digital transformation of operational services and several multi-billion GBP trade and investment deals. Later, after the Brexit referendum, Catherine supported the formation of the Department for International Trade (DIT), becoming a founder member of the DIT Board. She also sat on the Board of the Foreign and Commonwealth Office.

After leaving government, Catherine was appointed CEO of the Association of Foreign Banks: she led the AFB through the post-Brexit period, the COVID-19 pandemic and most recently the Russian banks sanctions.

Leadership

Catherine currently sits on the Board of the State Bank of India (UK) Limited, where she also chairs the Board Audit Committee and is a member of the Board Risk Committee and the Board Nominations and Remuneration Committee (NomRemCo). Her previous governance roles include Head of Group Corporate Audit worldwide for AZ; Chair of the Board Audit Committee and the NomRemCo for HM Land Registry; and Chair of the Audit, Risk and Assurance Committee for the British Army.

Catherine holds a First-Class Honours degree in Pharmacy, a PhD in Chemical Engineering (both from University of London) and an Honorary Doctorate from Keele University. Catherine is married with children.

Olusegun Alebiosu
Non-Executive Director

Olusegun Alebiosu was appointed the Chief Executive Officer, FirstBank Group in June 2024.

He was until this appointment the Acting Chief Executive Officer since April 2024. He was previously Executive Director, Chief Risk Officer and Executive Compliance Officer from January 2022 until 20 April 2024. Prior to that appointment, he was the Group Executive/ Chief Risk Officer, a position he held since 2016.

Segun brings to the Executive Management of FirstBank over 28 years' experience in the banking and financial services industry with cross-functional exposure to Credit risk management, Financial planning and control, Credit and marketing, Trade, Corporate and commercial banking, Agriculture financing, Oil and Gas, Transportation (including Aviation and Shipping) and Project financing.

He commenced his professional career in 1991 with Oceanic Bank Plc. (now EcoBank Plc.) and prior to joining FirstBank in 2016 served as Chief Risk Officer at Coronation Merchant Bank Limited, Chief Credit Risk Officer at African Development Bank Group and Group Head, Credit Policy & Deputy Chief Credit Risk Officer at United Bank for Africa Plc.

Segun is an alumnus of Harvard Business School and Harvard Kennedy School of Government. He holds a Bachelor's degree in Industrial Relations and Personnel Management, and a Master's degree in International Law and Diplomacy from the University of Lagos. He obtained a Master's degree in Development Studies from the London School of Economics and Political Science, and completed Advanced Management Program (AMP) at Harvard Business School

He is a member of various professional bodies namely, Fellow, Institute of Chartered Accountants (FCA), Associate, Nigeria Institute of Management (ANIM), Chartered Institute of Bankers of Nigeria (CIBN) and Member, Nigeria Institute of International Affairs. Segun is a golfer and an adventurer. He is happily married with children.

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Changes to the Board and its Activities

The following changes occurred at the Board level:

Dr Catherine Raines was appointed to the Board on 28 March 2024

Dr Adesola Adeduntan resigned from the Board effective 31 May 2024

Olusegun Alebiosu was appointed to the Board on 1 August 2024

The Board meets once every quarter, with additional meetings convened as necessary. The annual schedule of Board and Committee meetings is approved in advance during the final Board meeting of the preceding year. All Directors are expected to attend each Board meeting, and their attendance records are detailed in the Board and Committee Governance Structure section on page 36.

All Board committees meet weeks prior to each Board meeting to, among other things, seek approval for various committee recommendations. Any concerns raised by the Committees are subsequently discussed and addressed by the Board.

The Board agenda is carefully structured to ensure adequate time for thorough discussion of each item. Directors are both encouraged and expected to actively engage with all matters concerning the Board and the Bank. When in-depth discussion is required, Board meetings are typically scheduled for a full day with appropriate breaks included. Members of the Executive Management team are regularly invited to present relevant reports. Additionally, Non-Executive Directors have direct access to the Executive Management team before and after Board meetings should further questions arise.

The Strategy Advisory Forum ensures that sufficient time is allocated at Board meetings for discussions on strategy and product development. The forum benefits from strong representation by FirstBank UK's (the "Bank") Executive Management and Senior Management Team, offering Non-Executive Directors valuable opportunities for deeper engagement on strategic and product-related matters.

The Bank has continued to prioritise profitability while maintaining a prudent approach to risk management. The Board has remained committed to keeping the Bank's risk management processes and procedures comprehensive and up to date. Within this framework, the Bank has actively pursued the development of new business areas as suitable opportunities have emerged.

The Board remains fully committed to fulfilling its responsibilities in navigating the evolving regulatory landscape of the financial sector.

The Directors have acknowledged and are committed to the following primary responsibilities of the Board:

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

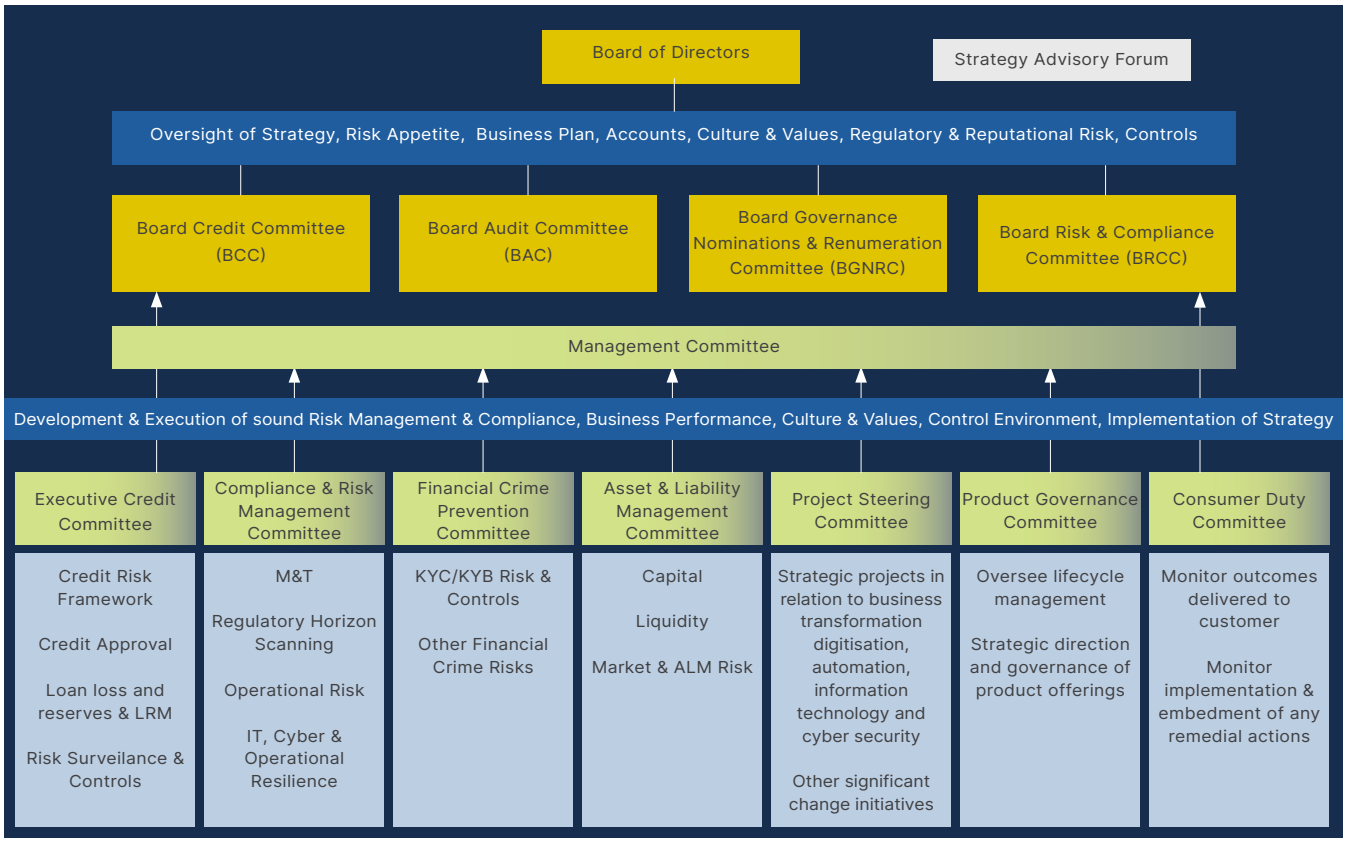
Leadership

To support these responsibilities, the Board maintains a list of matters reserved exclusively for its decision — issues that cannot be delegated to any committee or individual. Additionally, the Board reviews the terms of reference for each of its committees on an annual basis to ensure continued alignment with best governance practices.

The Board is responsible for setting long-term objectives and strategies, and for overseeing the operations of the Bank to ensure effective control and compliance with regulatory requirements. A key area of focus is the Bank's capital structure, which is particularly critical in the current regulatory environment, where liquidity, capital adequacy, culture, and conduct risks are under heightened scrutiny.

The Board also places strong emphasis on financial reporting, internal controls, and risk management to ensure the Bank operates within a sound governance framework.

In terms of governance, the Board's responsibilities include oversight of Board composition, the remuneration of Directors and Executive Management, and the appointment of the Company Secretary. The importance of a clear delegation of authority is recognised to ensure effective decision-making while safeguarding the interests of shareholders.



Board and Committee Governance Structure

As outlined in the governance framework, the Board has four standing committees effective January 2025, following the reconstitution of the Board Audit Risk and Compliance Committee (BARAC) into two separate Committees: the Board Audit Committee and the Board Risk and Compliance Committee.

The table below presents the composition of each Committee and attendance records for their scheduled meetings in 2024, including attendance at the Board meetings.

Board Meetings attendance 2024

NAMES	23 Jan	16 Feb	27 Feb	15 Mar	21 May	13 Jun	23 Jul	06 Sept	18 Sept	22 Nov	Total Attendance
Andrew Alli	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Patrick Crawford	✓	✓	✓	✓	✓	✓	✓	✓	X	X	8 of 10
Mfon Akpan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Dr Catherine Raines	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	6 of 6
Dr Adesola Adeduntan	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	5 of 5
Oluwatosin Adewuyi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Olusegun Alebiosu	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	3 of 3
Olukorede Adenowo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
David Davis	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Lekan Adelekan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10

✓ Attendance | x Absent | N/A – Not Applicable

Leadership

Board Audit & Risk Assessment Committee (BARAC)

Membership

- Mfon Akpan
- Andrew Alli
- Oluwatosin Adewuyi
- Dr Catherine Raines

BARAC Attendance in 2024

NAMES	07 Feb	09 Feb	08 Mar	12 Apr	23 Apr	24 Jul	18 Sep	01 Nov	06 Nov
Mfon Akpan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Andrew Alli	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A
Oluwatosin Adewuyi	✓	✓	✓	✓	X	✓	✓	✓	✓
Dr Catherine Raines	N/A	N/A	N/A	N/A	X	✓	✓	X	✓

✓ Attendance | x Absent | N/A – Not Applicable

BARAC's objectives include the following:

- Assist the Board in fulfilling its responsibilities relating to risk management, accounting policies, internal control systems and procedures, financial reporting, and engagement with the Bank's Regulators and external Auditors. The Internal Auditors report directly to the Chair of the Committee;
- Review how Management ensures and monitors the adequacy, scope, and effectiveness of the Bank's accounting and internal control systems. This oversight is conducted in line with the Bank's internal policies and the standards of the applicable regulatory regimes;
- Ensure the integrity of the Bank's financial information and related formal disclosures. The Committee makes recommendations to the Board prior to publication, particularly in relation to unusual transactions, significant reporting issues, and the classification and treatment of exceptional items. The views of the external Auditors are considered, and compliance with accounting standards and consistency of accounting policies across reporting periods is emphasised;
- Oversee Management's responsibilities for assessing and managing the Bank's risk profile, including market, funding, liquidity and operational risk; and
- Monitor regulatory changes proposed from the Prudential Regulation Authority and the Financial Conduct Authority, that may impact the Bank and the wider banking sector. The Committee remains focused on staying abreast of these developments and ensuring the Bank's preparedness for regulatory change.

In addition to the Committee members and the Company Secretary, the following individuals regularly attend BARAC meetings: Chief Executive Officer, Chief Operations Officer, Executive Director/Chief Financial Officer, Chief Risk Officer, the Head of Compliance, the MLRO, the Head of Treasury and the Head of Internal Audit. The external Auditors also attend annually, to report on the final audited annual accounts.

Board Governance Nomination & Remuneration Committee (BGNRC)

Membership

- Patrick Crawford
- Mfon Akpan
- Andrew Alli
- Dr Adesola Adeduntan
- Olusegun Alebiosu

BGNRC Attendance in 2024

NAMES	01 Feb	07 Feb	22 Feb	04 Mar	11 Mar	22 Mar	23 Apr	13 May	19 Jul	24 Jul	06 Nov
Patrick Crawford	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X
Mfon Akpan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Andrew Alli	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
Olusegun Alebiosu	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓

✓ Attendance | x Absent | N/A – Not Applicable

The primary objective of the BGNRC is to support the Board in fulfilling its responsibilities related to Board and Committee nominations and to enhance the Bank's corporate governance through continuous evaluation of governance practices. The Committee also oversees Board, Executive and high earners' remuneration, ensuring that policies align with best practices and remain appropriate and effective in accordance with governance standards.

BGNRC also assists the Board in carrying out its responsibilities related to the Bank's capital expenditure, infrastructure and human resources (HR) requirements.

The Committee's responsibilities span three key areas:

- **Director Nominations:** Overseeing the nomination process for new Directors.
- **Corporate Governance:** Monitoring and enhancing governance practices across the organisation.
- **Remuneration:** Reviewing and recommending executive remuneration policies and practices.

The Committee's responsibilities include the following:

- Reviewing and recommending expenditures outside the approved annual budget, significant changes to the Bank's organisational structure, remuneration framework, and senior management appointments. The Committee also serves as the final arbiter in disciplinary matters that may result in dismissal.
- Approving capital and recurrent expenditures within the limits of the approved annual budget.
- Reviewing and recommending the Bank's human resources policies for approval to ensure alignment with strategic goals and regulatory expectations.

Recommending proposed incentive and remuneration schemes to the Board for approval.

As the Bank continues to grow, the Committee plays a key role in ensuring that human resources are appropriately scaled to meet operational demands.

In addition to Committee members, the Chief Executive Officer, the Head of Human Resources and the Company Secretary are regular attendees at BGNRC meetings.

Leadership

Board Credit Committee (BCC)

Membership

- Patrick Crawford
- Andrew Alli
- Oluwatosin Adewuyi
- Dr Catherine Raines

BCC Attendance in 2024

NAMES	05 Feb	09 Feb	08 Mar	22 Apr	23 Jul	01 Nov	05 Nov
Patrick Crawford	✓	✓	✓	✓	✓	✓	X
Andrew Alli	✓	✓	✓	✓	✓	✓	✓
Oluwatosin Adewuyi	✓	✓	✓	✓	✓	✓	✓
Dr Catherine Raines	N/A	N/A	N/A	N/A	✓	X	X

✓ Attendance | x Absent | N/A – Not Applicable

The primary objective of the BCC is to support the Board in fulfilling its responsibilities related to the approval and periodic review of the Bank's credit and other risk-related policies and portfolios, ensuring alignment with established guidelines and risk limits.

Key Responsibilities:

- Oversee Management's responsibilities for assessing and managing the Bank's credit risk exposure;
- Review and approve credit applications that exceed the authority of the Executive Credit Committee;
- Grant credit facilities and monitor the resulting exposure to ensure compliance with the Bank's credit policies and risk appetite;
- Recommend investigations into specific credit matters where necessary;
- Review potential loss situations, assess the adequacy of provisions, and evaluate recovery strategies; and
- Consider and recommend changes to the Bank's credit policies.

In addition to Non-Executive Directors, other regular attendees at BCC meetings are the Chief Risk Officer and the Deputy Head of Risk.

STRATEGY ADVISORY FORUM (SAF)

The SAF supports the Board in fulfilling its responsibilities related to the Bank's long-term strategic direction. Its core responsibilities include:

- Reviewing progress against the agreed strategic plan;
- Evaluating proposals that may influence the Bank's strategic direction; and
- Making recommendations to the CEO and the Board on strategic matters.

The SAF also monitors the development and performance of new products and services introduced as part of the Bank's strategic initiatives. If the Forum identifies underperformance in any area, it escalates its concerns to the Board for further discussion and agreement on the appropriate course of action.

Regular attendees at SAF meetings, in addition to Forum members, include the Chief Risk Officer, the Head of Compliance, and the Director of Strategy.

MANAGEMENT COMMITTEES

The principal management body, the "Management Committee," is responsible for the Bank's day-to-day operations. The Management Committee operates through a number of sub-committees. These key management committees consist of individuals holding various positions within the organisation.

Executive Credit Committee (ECC)	
Chairperson	Chief Executive Officer
Vice-Chairperson	Chief Risk Officer
Other Members	Deputy Chief Executive Officer and Chief Financial Officer
	Executive Director – Business Development
	Head of Credit Risk
	Head of Portfolio Management and Control

Compliance and Risk Management Committee (CARMCO)	
Co-Chairs	Head of Compliance
	Chief Risk Officer
Other Members	Money Laundering Reporting Officer
	Chief Operations Officer
	Head of Operational Risk
	Head of Corporate Banking
	Head of Institutional Banking
	Head of Private Banking
	Head of Finance

Asset and Liability Committee (ALCO)	
Chair	Chief Executive Officer
Vice-Chair	Deputy Chief Executive Officer and Chief Financial Officer
Other Members	Executive Director – Business Development
	Chief Risk Officer
	Head of Finance
	Head of Treasury

Project Steering Committee (PSC)	
Chair	Chief Operations Officer
Vice-Chair	Head of Business Transformation Office
Other Members	Head of Operational Risk
	Chief Technology Officer
	Head of Finance
	Head of Operations

Financial Crime Prevention Committee (FCPC)	
Chair	Executive Director Business Development
Vice-Chair	Chief Executive Officer
Other Members	Money Laundering Reporting Officer
	Deputy Money Laundering Reporting Officer

Product Governance Committee (PGC)	
Chair	Executive Director Business Development
Vice-Chair	Deputy Chief Executive Officer and Chief Financial Officer
Other Members	Chief Operations Officer

Consumer Duty Committee (CDC)	
Chair	Chief Executive Officer
Vice-Chair	Deputy Chief Executive Officer and Chief Financial Officer
Other Members	Executive Director Business Development
	Chief Operations Officer

Effectiveness

Banks are required to have an effective board and governance structure. Although the United Kingdom's Corporate Governance Code (the Code) does not strictly apply to the Bank, as it is not a publicly traded company, we have embraced its principles in various ways.

At the Board level, we have ensured an appropriate balance of skills, experience, independence and knowledge. As a Bank focused on African-related businesses in the United Kingdom and Africa, we have a mixture of international and local Directors with extensive knowledge of the African market. This enables the Board to understand the needs of African businesses and the specific relationships between Africa and the rest of the world.

Our Board has a balanced composition of Executive and Non-Executive Directors appropriate for the size of our operations. Majority of the Board members, including the Chairman, are Non-Executive Directors, and four are designated as Independent Non-Executive Directors, ensuring effective oversight.

The Board continues to attract a diverse range of cultural backgrounds, maintaining a healthy mix of international and local expertise. In line with the Code, there is a clear separation of responsibilities between the Chairman and CEO, for running the Board and the business.

The Chairman, an Independent Non-Executive Director, is fully responsible for the Board's leadership and effectiveness. The Board has clearly defined the responsibilities of the Chairman to ensure clarity within this structure.

All Directors have access to the Company Secretary, who reports on all corporate governance matters to Management through the Chief Executive Officer and the Board, via the Chairman.

The Company Secretary advises the Directors on their duties, good governance and ethics, as required. Additionally, the Company Secretary ensures that Board procedures and applicable laws and regulations are followed and actively participates in Directors' induction and training. The Board of Directors is ultimately responsible for the appointment and dismissal of the Company Secretary.

The Board has the authority to consult with and retain, at the Bank's expense and subject to prior approval, independent or external professional advisers as deemed necessary or appropriate to fulfil its responsibilities.

At Board meetings, the Bank's progress is reviewed against its budget and year-end targets, with actions tracked to ensure completion. Consequently, the Board is effective in its oversight of the Bank's operations.

As a growing bank, we recognise the critical importance of achieving and maintaining the highest governance standards through Board reviews and evaluations. The objective of these evaluations is to identify areas for improvement in Board effectiveness and efficiency and to agree on specific actions to implement any necessary enhancements.

Consideration is given to the following areas:

1. The roles and responsibilities of the Board and its Committees and their effectiveness in fulfilling their key roles and responsibilities;
2. The extent to which the Board and its Committees adhere to best practices in their structure and procedures; and
3. The extent to which the culture of the Board and its Committees is conducive to the efficient operation of the Board.

The terms of reference for the Board and its Committees are reviewed annually, to ensure the Board and its Committees remain effective, have adequate authority to perform their functions and can exercise control where necessary.

Effectiveness

Appointment Philosophy and Induction Process

The Board Governance, Nominations and Remuneration Committee is responsible for reviewing and recommending the appointment or reappointment of Committee members and Directors to the Board for approval.

In selecting Board candidates, the primary objective is to identify individuals with extensive expertise in banking, particularly within Africa and specifically Nigeria, as well as in the United Kingdom and Europe, considering the Bank has presence in Paris. The Board therefore comprises a mixture of international and local Non-Executive Directors and Executive Directors.

Where the Board lacks expertise in specific areas, such skill gaps are addressed by appointing individuals with the requisite knowledge. Additionally, Non-Executive Directors must demonstrate the ability to dedicate sufficient time to their role, ensuring the effective discharge of their responsibilities.

Once appointed, each new Director, whether Executive or Non-Executive, undergoes a structured induction process that provides essential information about the Bank, its Articles of Association, the terms of reference for the Board and its Committees, and the Company's key policies. It also offers guidance on the roles and responsibilities of the Directors.

The induction process ensures that Directors are well-informed about the legal and regulatory framework governing their duties, including their obligations under the Companies Act 2006 and other applicable financial regulations.

As part of the induction, newly appointed Directors are also expected to meet with the Bank's department heads to gain a comprehensive understanding of the Bank's operations and governance structure.

Ongoing Director Development and Training

Once Directors are appointed, the Board stays informed about the Bank's challenges, opportunities, and risks through regular management reports, meetings, and training sessions.

The Bank places significant importance on its Directors' continuous development and is committed to providing training programmes that enhance their effectiveness in fulfilling their roles and responsibilities.

Engagement

In line with the United Kingdom's Corporate Governance Code (the Code), the FirstBank UK regularly engages with its shareholders.Although the Bank, as a private limited company is not mandated under the Companies Act 2006 to hold an annual general meeting, the parent company currently has two representatives on its Board to ensure that its interests, are considered in all Board decisions.

The Board places significant importance on maintaining a strong relationship with the parent company. Consequently, various forms of engagement are employed to foster an effective working relationship.

The Bank conducts an annual Strategy Day to align its strategy with that of FirstBank Nigeria. This is attended by the Bank's Board and Senior Management as well as senior representatives from FirstBank Nigeria. The synergy between the two entities is enhanced through ongoing efforts to develop business via referrals and shared information. These activities help Relationship Managers from the parent company to better understand what FirstBank UK offers to its clients.

The relationship between the Bank and its parent company is close, positive and productive.

Governance Structure Principles

The Bank conducts its business under various regulations and across multiple jurisdictions. Therefore, a robust governance structure is essential for the following reasons:

(i) Supporting sustainable growth within the regions we operate; and

(ii) Ensuring the Bank is fully aligned with regulatory best practices.

The governance structure is based on the following principles:

Risk and Performance Centricity	Clarity and Effectiveness	Transparency and Inclusion
The Bank believes in sustainable, controlled growth and therefore considers risk management as central to the achievement of this objective. Committees input and output are risk and performance-based and include relevant management information (MI), including a higher use of quantitative metrics. Each committee is expected to determine and define a dashboard of key risk and/or performance indicators and appropriate controls.	At Executive Management level there are seven governance committees. Each Committee has a defined membership. Clear and focused terms of reference have been established for each committee, to provide effectiveness and accountability.	Where appropriate, some senior managers are appointed as members of sub-committees (or will receive permanent invitation) to facilitate the introduction of complementary skills, fresh perspectives and subject matter expertise.

Whistleblowing Procedures

Whistleblowing is the process of raising concerns about wrongdoing, illegal actions, or unlawful conduct such as fraud, corruption, bribery, or theft.

In accordance with regulatory obligations, FirstBank UK encourages both internal whistle-blowers (staff, contract employees, management, or directors) and external whistle-blowers (customers, service providers, applicants, auditors, consultants, regulators, and other stakeholders) to report issues of concern where they believe the fulfilment of the Bank's legal or regulatory obligations are threatened by inappropriate action or inaction by another staff member.

All stakeholders – internal and external – are obliged to report any unlawful, improper or unethical conduct they may have observed through the different whistleblowing channels. A variety of routes are made available for the escalation of such concerns with the guarantee of confidentiality without fear of harassment, intimidation, victimisation, reprisal or retaliation. Internal escalation through line management is always preferable, but staff are free to use external whistleblowing facilities if they prefer or if line management is implicated in the issue. These facilities provide for anonymity to be protected if desired and there is the ability to report directly to the Bank. This promotes an open organisational culture where employees are not only aware of how to report but also have the confidence to make such reports.

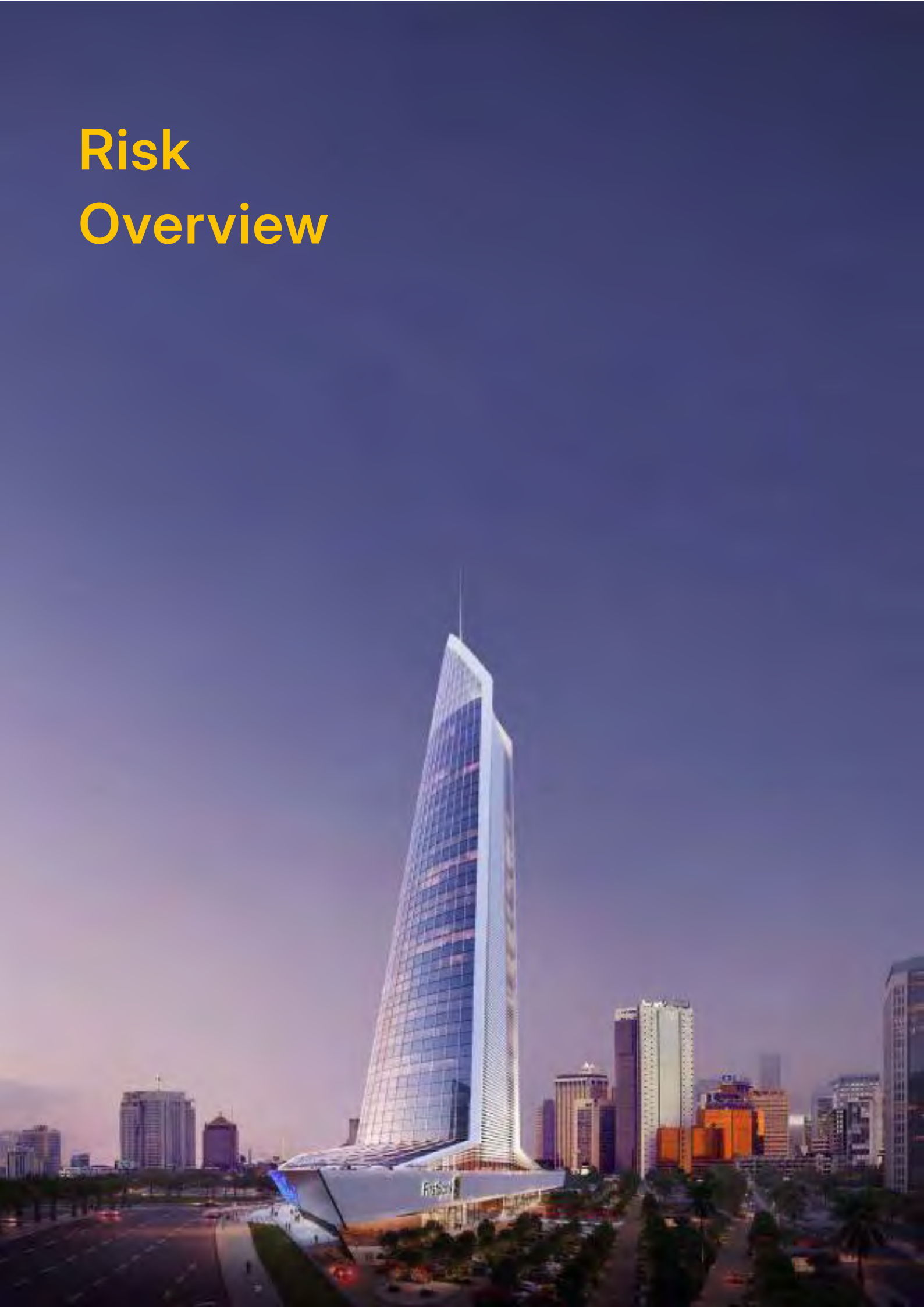
All concerns raised through the Bank's whistleblowing channel are thoroughly and independently investigated and reported according to the Bank's Whistleblowing Policy. The Bank's Whistleblowing Champion is an Independent NED, who also serves as the Chair of Board Audit and Risk Assessment Committee, while the nominated whistleblowing officer of the Bank is the Chief Risk Officer.

Assessment of Controls

Our controls around whistleblowing are determined to be effective based on the following evidence:

- We do not have evidence of instances of misconduct during the year that would have been known to other staff and warranted a whistleblowing report where one was not in fact made.
- We have not been made aware of any instances of whistleblowing staff facing retributive action as a result of their reports. The Whistleblowing Champion has proactively sought any such evidence.

Risk Overview



Risk Review

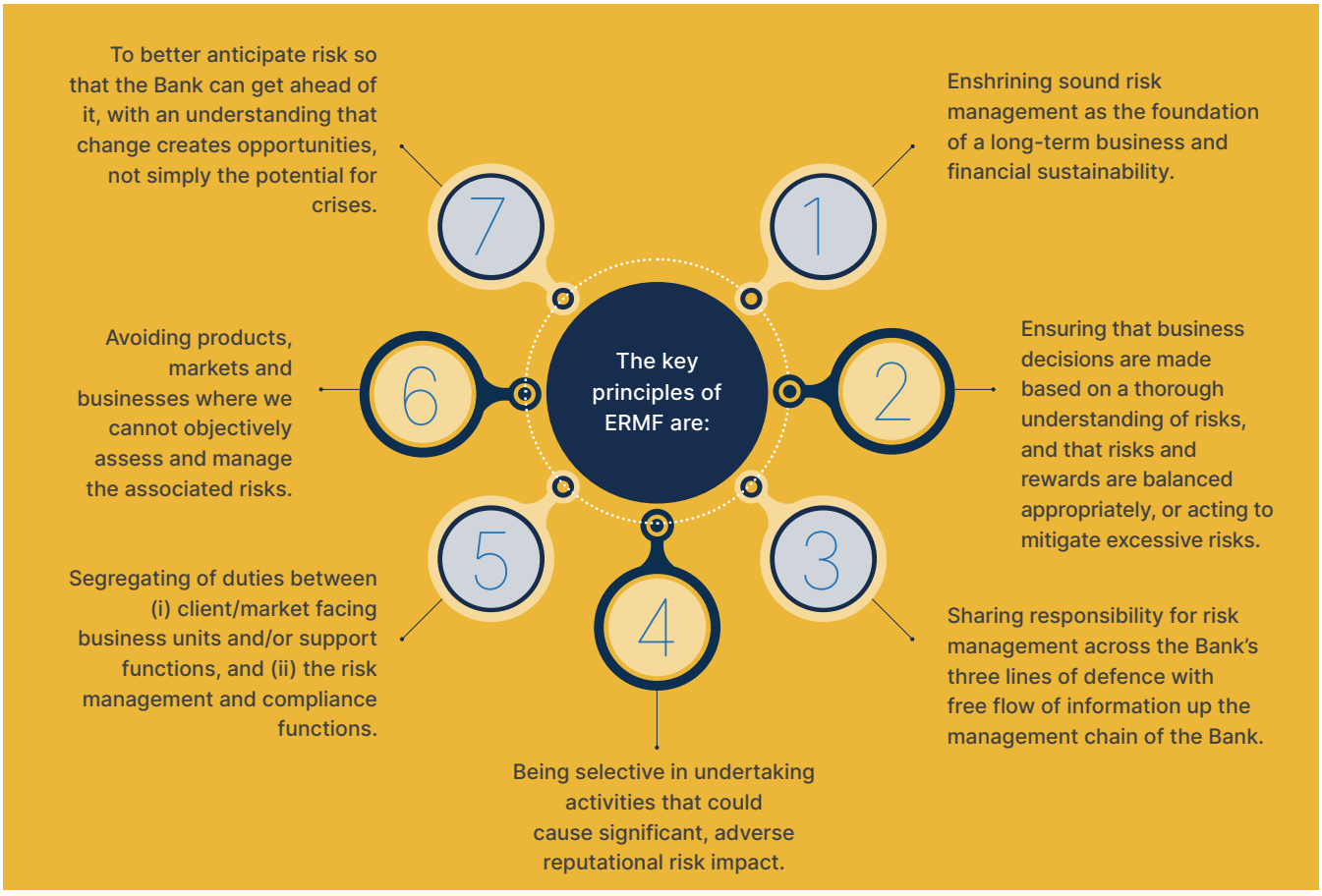
At FirstBank UK, effective risk management is crucial in the dynamic financial environment. We are committed to safeguarding our stakeholders and recognise that a proactive approach to risk identification, assessment, and mitigation is vital to ensuring the Bank's stability and success.

Our comprehensive risk management framework is designed to address various uncertainties that could potentially impact our strategic objectives, operational processes, and financial performance. In alignment with the Consumer Duty Act, FirstBank UK is dedicated to acting in the best interests of its customers, ensuring good outcomes for clients. We place significant emphasis on customer protection, ensuring our risk management framework not only secures our financial strength but also promotes customer well-being.

At FirstBank UK, we adopt a structured approach to managing risks, aligning with regulatory standards and industry best practices. This enables us to make informed decisions while maintaining the trust and confidence of our customers, regulators and shareholders. By identifying and mitigating key risks, we are better positioned to protect our financial strength, enhance shareholder value, and deliver services that consistently meet customer needs and expectations in an open and transparent manner.

Risk Management Framework

The Bank's Enterprise Risk Management Framework (ERMF) is designed to provide a structured and disciplined approach to managing risk. It encompasses the activities, tools, techniques, and organisational arrangements necessary to ensure that all material risks faced by the Bank are appropriately identified, understood, and managed. This framework supports our financial sustainability, strategic goal achievement, and enhances our ability to respond to new opportunities.



Risk Review

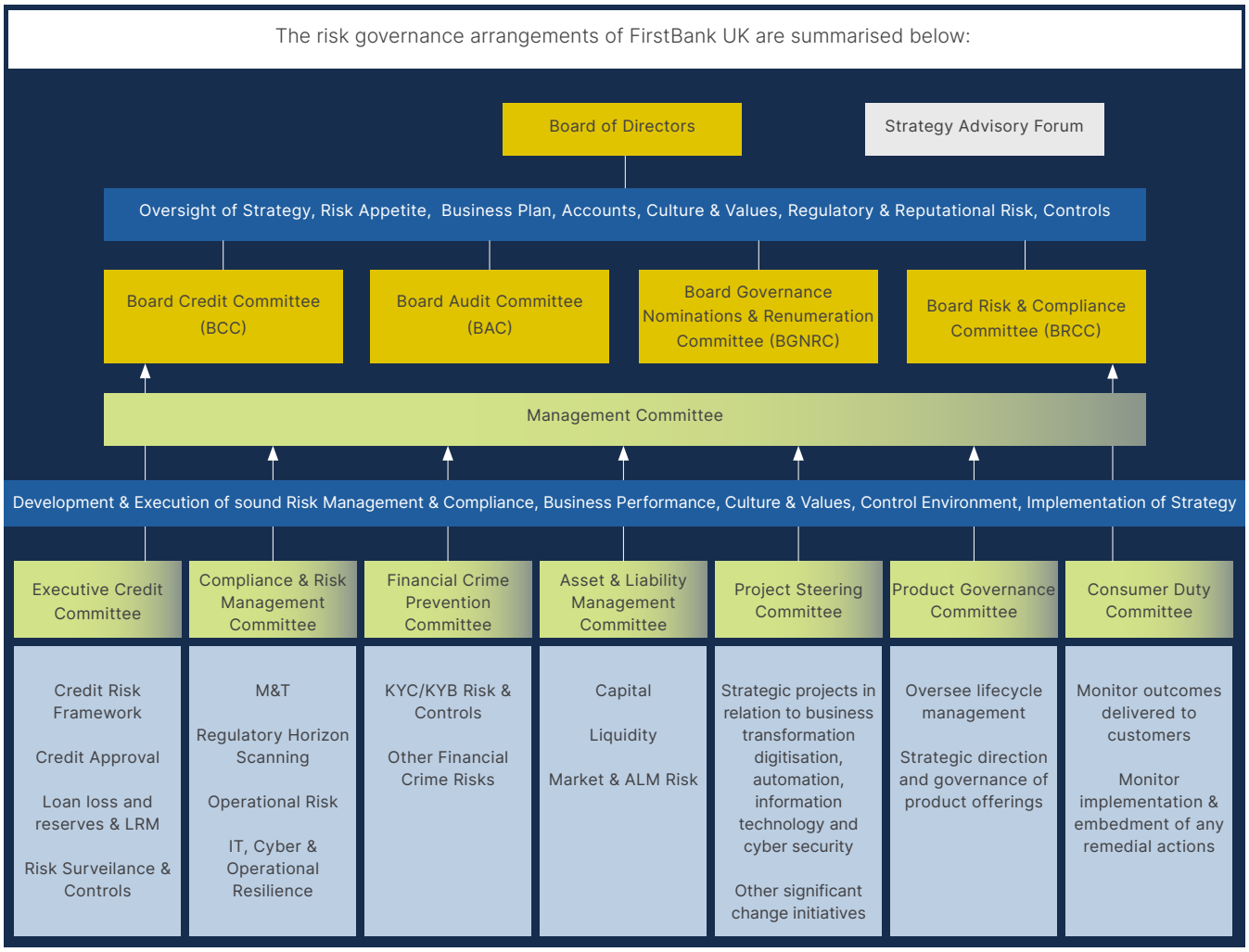
Risk Governance and Oversight

The Bank's Management and Board of Directors are committed to operating within a robust corporate governance environment. This is particularly important in times of change or significant growth and is also key given the implications of the Senior Manager's Regime in connection with good Corporate Governance. The principles that guide the Bank's risk management strategy are:

- The Board is responsible for setting risk appetite and an appropriate 'tone from the top'.
- The Bank has a robust Risk Taxonomy and Risk Appetite Framework, which is supported by approved set of metrics, and reports are presented to relevant governed forums regularly.
- Stress tests and scenarios analysis are performed on a regular basis to ensure that the Bank remains sustainable during extreme economic and/ or idiosyncratic conditions.
- The remuneration strategy stimulates fair customer outcomes and prudent decision-making within risk tolerance. Bank employees are not excessively rewarded for increasing revenues and/or profits.

The Bank's risk governance structure ensures the Board and Senior management are held accountable for overall risk management. The Board is ultimately responsible for ensuring that the risk management framework and risk governance structure is applied and functions properly.

The risk governance arrangements of FirstBank UK are summarised below:



Risk Management

The Bank's Three Lines of Defence operating model enables the Bank to separate risk management activities between those that: own and take risk, and implement controls (first line); oversee and challenge the first line, provide second line risk management activity and support controls (second line); and provide assurance that the ERMF process is adequate and is working as intended (third line). The Bank has policies and procedures in place in order to codify how it operates and maintain a clear distinction between the 3 lines of defence.

Risk Culture

The risk culture refers to the beliefs, values and behaviours throughout the Bank that shape the collective approach to managing risk and making decisions. Fostering behaviours that reinforce the Bank's desired risk culture is considered integral to the successful implementation of the ERM framework.

Risk Appetite

In the Bank, risk appetite is defined as the type and amount of risk that the Bank is willing to take in the pursuit of its strategic objectives. The Bank translates its risk appetite into risk appetite statements that are cascaded through tolerances. These tolerances are, in turn, prescribed via limits per the nine risk types that are captured within risk management and compliance policies, directives, guidelines, procedures, and rules - all of which are maintained within the Bank's Policies & Procedures Framework. Compliance is measured and monitored regularly to ensure that the risk profile remains aligned with the Bank's risk appetite and that remedial actions are enacted through risk governance mechanisms when deviations are either expected or observed. In this regard, the Bank has established a Risk Appetite Statement (RAS) which forms part of the Foundational Risk Policies to guide day-to-day decision making defining a hierarchy of metrics as follows:

- High level expression of the Bank's risk appetite.
- Supporting metrics to guide decision making by EMC & the Board.
- Operational metrics to support day-to-day decision making by Line Managers.
- Detailed tactical and operational metrics with defined target and tolerance ranges, along with potential mitigating actions to be taken in the event of a breach.
- All primary risks monitoring is conducted via risk appetite metrics or key risk indicators.

Risk Control Systems

The Bank's relies on internal controls to reduce the level of inherent risk to an acceptable level. Internal control model key objectives are to ensure:

Controls are designed effectively.

Controls are operating as intended.

The three lines of defence achieve this collectively with clearly defined roles and responsibilities by:

- Fostering a favourable control environment
- Conducting risk assessments
- Designing and implementing control activities in the form of policies and procedures
- Providing for effective communication throughout the organisation; and
- Ongoing monitoring of the effectiveness of internal control-related policies and procedures.

The internal audit function provides assurance to the Board on the above.

Principal and Emerging Risks

The ERMF identifies nine principal risks namely: strategy risk, credit risk, market risk, capital, liquidity risk, operational risk (including resilience, cyber and model risks), regulatory risk (including financial crime and conduct), reputation risk and climate risk. Each principal risk is overseen by a designated executive who is accountable for the risk management framework, policies, and standards, and ensures associated responsibilities and expectations are allocated and met. In the following sections, we outline the principal risk types that FirstBank UK actively monitors and manages as part of our risk management framework.

Strategic Risk

Accountability: CEO, all Management Executives

Risk definition

Strategic risk arises from the potential failure to meet strategic goals or objectives due to poor business and strategic decisions, inadequate execution, or failure to respond to changes to the market conditions. This may include risks arising from digital transformation initiatives and banking services that could be disrupted by delayed adoption of technological advances. Ineffective strategic risk management can lead to financial loss, reduced competitive advantage, regulatory scrutiny or reputational damage.

Risk impact

The Bank could be impacted adversely if its strategy and decisions are poorly executed, or if the strategy does not effectively respond to changes in the regulatory, macroeconomic, or competitive environments in the geographic locations in which we operate.

The failure of the Bank's business to meet the expectations of its clients and customers, whether due to general market conditions, underperformance, a decision not to offer a particular product or service, changes in client expectations or other factors that could affect the Bank's ability to attract or retain clients. Any such

impact could in turn reduce the Bank's revenues and in extreme cases, might jeopardise the Bank's long-term sustainability.

Risk exposures

The Bank's exposure to strategic risk stems from several factors, including:

- A deterioration in the macroeconomic conditions of its key markets may result in (among other things) deteriorating business and growth which may in turn lead to lower client and customer activity, higher default rates as borrowers struggle with debt commitments, or mark to market losses in its trading portfolio or the underlying value of assets in the banking book and securities held for liquidity purposes.
- An escalation in geopolitical tensions or the increased use of protectionist measures, such as escalating reciprocal import tariffs between the USA and other countries could lead to supply chain risks and inflationary impacts in our key markets thereby reducing the Bank's opportunities and performance; and as the Bank acts to avoid disruptions to its operations from rapidly changing regulations and the need to ensure its systems are updated to comply.
- Ineffective strategic adoption of technology or cyber-security weaknesses could hinder operational efficiency, customer experience or competitive positioning.

Risk measurement

The Bank applies a multi-pronged approach to measure its strategic risk:

- **Financial risk indicators:** Early warning indicators like return on capital, return on assets, and operational risk losses are monitored to identify potential risks that could derail the Bank's strategy.
- **Scenario analysis:** Different scenarios are analysed to assess the Bank's resilience to various challenges and opportunities.
- **Stress testing:** The Bank's financial plans are subjected to stress tests to gauge its ability to withstand adverse economic conditions.

Risk mitigation

The Bank actively employs various strategies to mitigate its exposure to strategic risk:

- **Robust strategy development process:** A well-defined and comprehensive process, involving all relevant stakeholders, ensures strategy alignment with purpose, vision, and values.
- **Clear strategic objectives:** Measurable and realistic objectives ensure that the Bank focuses its resources on achieving its desired outcomes.
- **Effective strategy execution capabilities:** Strong governance structures and skilled staff ensure that the strategy is implemented.

Risk monitoring

The Bank continuously monitors its strategic risks through various mechanisms:

- **Executive management and Board oversight:** Regular reporting and discussion of strategic risks ensure that they remain a top priority for senior management and the Board.
- **Performance dashboards:** Infographics and insights into key metrics to enable the Bank to track progress and identify potential issues.
- **Risk assessments:** Regular reviews via stress testing and scenario analysis to help identify and address vulnerabilities in the execution of strategy.
- **Continuous monitoring and evaluation:** Regular reviews of the strategy and performance ensure that it remains relevant and effective in the evolving environment.

Credit Risk

Accountability: Executive Director Business Development; Chief Risk Officer

Risk definition

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. It arises when the Bank commits to, or enters into, an agreement with a borrower or counterparty.

Risk impact

The crystallisation of credit risks could have significant negative impacts on the Bank's business, including:

- Revenue loss arising from defaults and delayed repayments.
- Extended exposure to high-risk sectors or clients could strain capital reserves and earnings.
- Liquidity constraints: An impaired ability to meet short-term and long-term financial obligations.

Principal and Emerging Risks

- Diminished profitability: A significant rise in credit, driven by loan defaults, causes an additional expected credit loss provision which reduces profit and reduces the capital available to support trading and lending.
- Cost of litigation and loan recovery: Cost incurred on court cases arising from recovery activities.
- Regulatory scrutiny: Sustained credit losses could lead to heightened supervisory scrutiny.
- High default rates may erode the confidence of customers and counterparties particularly our correspondent banks.

Risk exposures

Credit risk can be impacted by a number of factors outside the Bank's control including wider economic conditions. Individual borrower creditworthiness and the loan portfolio's composition may significantly affect the portfolio's overall risk. Also, unexpected events like natural disasters, industry disruption, or individual borrower-specific challenges, particularly in periods of economic downturn, market volatility or currency fluctuations can increase the risk of individual loan defaults and reduce repayment capacity of borrower.

Risk measurement

The Bank measures its credit risk exposure through various key risk indicators (KRIs), including:

- Non-performing loan ratio measures the percentage of outstanding loans that are overdue by more than a specified period (e.g., 90 days) to total portfolio size.
- Cost of risk represents the annualised expenses incurred due to the potential risk the Bank may incur on its risk assets portfolio, expressed as a percentage of average gross loans.
- Weighted average risk rating assigns risk ratings to loan categories based on their perceived default probability, providing an overall portfolio risk assessment.
- Concentration risk uses parameters such as sector, obligor and country limits to monitor risk.

Risk mitigation

- Management of concentration risks by country, sector, and obligor.
- Consistent application of sound credit underwriting principles.
- Strict adherence to credit risk policies and procedures.
- Operating within well-defined delegated approval authorities.
- Regular monitoring of portfolio performance and risk appetite metrics.
- Sound transaction structures, including those secured by physical and financial collateral.
- Robust credit portfolio management, with a strong early-warning framework to identify early warning signals.
- Timely recognition of expected credit losses under our Impairment policies.
- Effective loan restructuring and workout strategies, actively collaborating with borrowers.

Risk monitoring

A comprehensive approach is adopted to monitor credit risk throughout all three lines of defence:

First Line:
- Relationship Managers and Business Managers actively monitor borrowers' financial performance, loan covenants, and adherence to loan terms.
- Early warning risk framework supports the tracking of triggers such as changes in borrower financial performance, industry trends, or macroeconomic conditions, to identify potential early signs of stress.

Second Line:
- The Credit Risk Management department independently assesses the effectiveness of credit risk policies and procedures, conducts portfolio reviews, and validates credit assessments made by the first line.
- Stress testing and scenario analysis are performed to assess the Bank's vulnerability to potential risk events and inform timely adjustments to risk management strategies.

Third Line:
- Internal Audit regularly reviews the Bank's credit risk management practices and systems to ensure compliance with regulatory requirements and best practices.

The Board and executive management receive regular reports on credit risk metrics and exposure levels to make informed decisions and provide strategic guidance.

Market Risk

Accountability: Chief Financial Officer, Chief Risk Officer

Risk definition

The risk of loss arising from changes in the actual or effective value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as interest, currency exchange rates, credit spreads, and implied volatilities. A disruptive adjustment to higher or lower interest rate levels and deteriorating trade and geopolitical tensions could heighten market risks for the Bank.

Risk Impact

- A prolonged period of elevated asset price volatility scenario could impact the Bank's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of assets.
- **Financial losses:** Reduced income, impairment of interest-rate sensitive instruments, write-down of asset values, and deterioration of profitability ratios e.g. return on equity.
- **Capital erosion:** Increased provisions for potential losses, impacting capital adequacy ratios.

Risk exposures

- **Interest rate risk:** The Bank's exposure to changes in interest rates, especially on fixed-income securities and loans.
- **Foreign exchange risk:** The Bank's exposure to fluctuations in foreign exchange rates.

Risk measurement

- Value-at-risk quantifies the potential loss in portfolio value over a specified time horizon with a given confidence level.
- Sensitivity analysis assesses the impact of changes in individual market variables on portfolio value.
- Stress testing simulates extreme market scenarios to evaluate portfolio resilience.
- Credit Spread risk simulates the difference between the yield of a corporate bond and a risk-free benchmark rate.

Risk mitigation

- Matching the interest rate structure of assets and liabilities, thereby creating a natural hedge
- Maintaining a tight limit for interest rate risk (both upside risk and downside risk), in line with our risk appetite.
- Careful management of the pricing and repricing profile of assets and liabilities.
- Hedging of cost to manage volatility in earnings arising from FX risk.
- Market risk techniques, such as value-at-risk limits, stop losses limits, duration risk and counterparty risk limits, are monitored to ensure adherence to appetite.
- Active monitoring of market conditions and timely adjustments to portfolios and risk exposures based on market movements.

Risk monitoring

- The Bank has established policies and procedures that are regularly reviewed and updated to control market risk.
- The Bank's ALCO meets at least monthly to review assets and liability positions that give rise to market risk and to take remedial action in line with the risk appetite or other triggers.
- The Bank employs a comprehensive market risk monitoring framework across its three lines of defence.

Capital Risk

Accountability: Chief Financial Officer

Risk definition

The risk that the Bank has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Bank.

Risk Impact

Inadequate capital can have significant risk impacts on the Bank, affecting its financial stability, regulatory compliance, and overall reputation. The key risk impacts include:

- Financial instability due to increased vulnerability to losses and liquidity issues.
- Failure to meet regulatory capital requirements which could lead to increased scrutiny and additional reporting requirements adversely impacting operations and reputation.
- Reduced lending capacity due to inability to support business growth and thereby impacting profitability.

Principal and Emerging Risks

Risk exposures

- Increased vulnerability to macroeconomic downturns or financial crises which could potentially erode capital buffers due to increased credit losses and reduced profitability.
- A rise in non-performing loans or defaults could increase provisioning requirements, reducing available capital and impacting profitability.
- Adverse movements in bonds or foreign exchange could lead to investment losses, affecting capital adequacy and earnings stability.
- Poorly executed strategies could strain capital reserves and expose the Bank to financial instability.
- Litigation costs or unexpected operational failures could result in substantial financial losses.

Risk measurement

- Capital adequacy ratio, which ensures the Bank maintains sufficient capital buffers relative to risk exposure.
- Leverage ratio, which assesses the Bank's capital strength relative to its total exposure, including off-balance sheet items.
- Capital stress test models and scenario analysis to quantify the capital required to absorb unexpected losses.

Risk mitigation

- **Regular stress testing:** The Bank conducts stress tests to evaluate its capital adequacy under different scenarios and ensure it can withstand adverse conditions.
- **Capital planning:** A robust capital planning process is in place to ensure sufficient capital reserves are available to meet regulatory requirements and support business growth.
- **Risk management framework:** Strong risk management practices are implemented to identify and address potential capital deficiencies.

Risk monitoring

- Conducting periodic internal capital adequacy assessment process to assess capital sufficiency under normal and stressed conditions.
- Performing stress tests based on severe but plausible economic and financial scenarios.
- Monitoring risk weighted asset levels and adjusting capital strategies in response to changes in asset risk profiles.
- Forecasting future capital requirements based on business growth and strategy.
- Board and senior management oversight.

Liquidity Risk

Accountability: Chief Financial Officer

Risk definition

Liquidity risk is the inability to meet expected or unexpected cash flow needs while continuing to support our business, clients, and customers under a range of economic conditions.

Risk impact

- Reputational damage due to loss of customer confidence and withdrawal of deposits.
- Funding difficulties due to inability to access funding.
- Regulatory sanctions due to non-compliance with liquidity requirements.
- Insolvency: Inability to meet financial obligations, potentially leading to bankruptcy.

Risk exposures

- **Asset-liability mismatches:** Mismatch between the maturities of assets and liabilities, creating potential liquidity gaps.
- **Concentration of funding sources:** Reliance on a limited number of depositors or funding providers.
- **Market disruptions:** External events that impair access to funding markets.

Risk measurement

- **LCR:** Measures the Bank's ability to meet its short-term liquidity needs under a 30-day stress scenario.
- **Net Stable Funding Ratio (NSFR):** Assesses the Bank's long-term funding stability over a one-year horizon.
- **Asset and liability mix thresholds**.

Risk mitigation

- **Diversification of funding sources:** Securing funding from a variety of sources and markets.
- **Asset Liability Management (ALM):** Matching the maturities of assets and liabilities to reduce liquidity gaps.
- **Holding adequate liquid assets:** Maintaining high quality liquid asset portfolio that can be easily converted to cash.

- **Strict adherence to regulatory liquidity ratios:** Complying with the LCR and NSFR requirements and other internal limits.
- **Cash flow forecasting and monitoring:** Active management of liquidity positions and near-term funding needs and maintaining sufficient liquidity buffers to address unforeseen demands.

Risk monitoring

- The Bank maintains a robust liquidity risk monitoring framework that encompasses all three lines of defence.
- Board and senior management oversight.

Operational Risk

Accountability:

- **Operational Risk:** All Management Executives
- **Operational Resilience:** Chief Operations Officer
- **Cyber Risk:** Chief Operations Officer
- **Model Risk:** Chief Financial Officer

Risk definition

Operational risk includes the consideration of operational resilience, cyber risk, and model risk.

Operational risk is the risk that events arising from inadequate or failed internal processes, people or, systems or from external events cause regulatory censure, reputational damage, financial loss, service disruption and/or detriment to the Bank's customers.

The risks also include operational resilience and cyber-attacks. Failure to build resilience and recovery capabilities into business processes, or into the services on which the Bank's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Group's customers and clients, and reputational damage.

Cyber-attacks continue to be a global threat inherent across all industries, with the number and severity of attacks continuing to rise. The financial sector remains a primary target for cyber-criminals, hostile nation states, opportunists, and hacktivists.

Model risk is the potential for adverse consequences from errors or the inappropriate use of outputs to inform business decisions.

Risk Impact

- **Financial losses:** Resulting from fines, litigation, fraud, or operational disruptions.
- **Reputational damage:** Erosion of customer trust and potential loss of business.
- **Business disruptions:** Impaired services, productivity, and operational efficiency.

Risk exposures

- **Processing errors:** Mistakes in transaction processing, data entry, or other operational tasks can lead to financial losses and customer dissatisfaction.
- **System failures:** Breakdowns or malfunctions in IT systems can disrupt banking operations and lead to significant losses.
- **Human errors:** Errors made by employees, such as incorrect data input or failure to follow procedures, can result in operational failures.
- **Internal fraud:** Fraudulent activities conducted by employees, such as embezzlement or unauthorised transactions, can cause substantial financial damage.
- **External fraud:** Fraudulent activities by external parties, including cyber-attacks, phishing, and identity theft, could compromise the Bank's security and lead to financial losses.
- **Legal claims:** Lawsuits and legal disputes could arise from operational issues, leading to financial and reputational damage.
- **Business disruptions:** Events such as natural disasters, pandemics, or geopolitical conflicts and failure of business continuity plans could disrupt operations or impact adversely the Bank's ability to function effectively.
- **Regulatory changes:** Dynamic regulatory environment with changes in regulation poses challenges for banks in maintaining compliance, leading to potential fines and penalties.
- **Sanctions management:** Managing sanctions, especially during geopolitical tensions, may require banks to adapt quickly to new regulations and to ensure compliance.
- Potential breach of Consumer Duty requirements if the identified risk exposures prevent the Bank from supporting the customer's financial objectives, causing foreseeable harm and failure to act in good faith.

Risk measurement

- Internal and external loss data collection and analysis provides meaningful information for assessing the Bank's exposure to operational risk, operational loss events occurring at other organisations and the effectiveness of its internal controls.
- Risk assessments and risk control self-assessments (RCSA) are used to evaluate inherent risk, control effectiveness, and the residual risk environment for the Bank.
- KRIs provide insight into the Bank's risk exposure.

Principal and Emerging Risks

- Scenario analysis and stress testing is used by the Bank to understand how various risk factors could affect stability and performance.
- Incident logs and loss data analysis are applied to identify patterns or recurring issues that highlight control weaknesses or process gaps.
- Thresholds to measure maximum disruptions to important business services following which detriment could be caused to a client or customer.

Risk mitigation

- The Bank has established policies, procedures, and controls to prevent operational risk events and model risks from arising. Operational resilience and Consumer Duty frameworks are also in place.
- The Bank has a comprehensive RCSA process to ensure that risks are identified and managed effectively.
- Risk event recording is adopted including near-misses to ensure effective remediation, risk event profiles and identification of trends.
- The Bank has set out the nature and level of operational risk considered acceptable (and unacceptable) within its risk appetite including by defining boundaries for business activities and behaviours and the setting of metrics to detect issues arising.

Risk monitoring

The Bank adopts a three-lines-of-defence model to manage and monitor its operational risk, resilience, cyber and model risks.

Regulatory Risk

Accountability:

- **Financial Crime Risk:** Executive Director, Business Development
- **Conduct Risk:** CEO, all Management Executives

Risk definition

Regulatory risk is the risk that loss (financial, reputational, and others) or a higher regulatory capital requirement may arise from the Bank failing to comply with regulation, its own internal policies or procedures or its code of conduct. Regulatory risk includes financial crime and conduct.

Financial crime risk is the risk that financial, reputational, and other losses may arise from onboarding or transacting with clients, supporting the business of our clients and our own business when in doing so we may be dealing with confirmed or suspected proceeds of crime. Financial crime in relation to but not limited to: money laundering, terrorism financing, proliferation financing, sanctions, bribery and corruption, facilitation of tax evasion.

Conduct risk is the risk that detriment is caused to our clients, customers, markets or the Bank, because of ill-designed products, processes, inappropriate judgement, intent to cause detriment, breach of regulatory reporting requirements or material negligence in the execution of our activities.

Risk Impact

- **Financial losses:** Fines, penalties, compensation payments, legal fees, and potential loss of business opportunities.
- **Reputational damage:** Loss of customer and stakeholder trust, and damage to brand value.
- **Operational disruptions:** Difficulty attracting and retaining talent due to non-compliance with regulatory requirements.
- **Regulatory sanctions:** Suspension or revocation of licenses, restrictions on operations, and other enforcement actions.

Risk exposures

- Frequent changes and updates to regulations can increase the risk of inadvertent non-compliance.
- Misinterpretation of regulatory requirements leading to potential non-compliance.
- Delays in implementing new regulations can expose the Bank to the risk of non-compliance.
- Failure to effectively communicate and train employees on regulatory requirements can increase the risk of non-compliance.

Risk measurement

- The Bank conducts regular risk assessments to identify and evaluate potential regulatory risks. This involves analysing the impact of existing and new regulations on the Bank's operations.
- Monitoring and testing assurance activities to ensure that the Bank adheres to regulatory requirements. These audits help identify areas where the Bank may be at risk of non-compliance.
- KRIs are used to monitor regulatory risk exposure to provide early warning signs of potential regulatory issues.

Risk mitigation

- Monitoring of regulatory developments through horizon scanning activity.
- Engagement with regulators on key areas of focus.
- Effective communication and training initiatives are employed, ensuring employees are kept informed about evolving regulations and their responsibilities in upholding compliance.
- Leveraging on technology and automation solutions to ensure compliance.

Risk monitoring

- The first line is accountable for the overall assessment and management of regulatory risks in their business or function and are responsible for implementing the requirements outlined in the Financial Crime Risk Management Framework and Compliance Risk Management Framework.
- The second line oversees adherence to the frameworks and provide independent second line of defence oversight providing advice and challenge where appropriate. The third line provides assurance.

Reputational Risk

Accountability: CEO, all Management Executives

Risk definition

Reputational risk is the risk that financial loss or otherwise may arise from actions, transactions, investments, or events when it reduces the trust placed by clients, customers, regulators and the market in the Bank's integrity and competence.

Risk Impact

- **Financial losses:** Decreased revenue, reduced customer base and confidence, increased funding costs, fines, and legal costs.
- **Operational disruptions:** Challenges in attracting and retaining customers, loss of key talent, and strained relationships with partners and suppliers.
- **Erosion of trust:** Negative brand perception, diminished public confidence, and disengaged stakeholders.
- Increased regulatory scrutiny and restrictions on operational licenses.

Risk exposures

- Customer complaints arising from poor customer service, unresolved complaints, and loss of customer trust. The Bank is required to act in good faith, avoid causing foreseeable harm, and support customers in pursuing their financial objectives. Failure to address customer complaints promptly and effectively can result in non-compliance with Consumer Duty Act requirements, exposing FirstBank UK to regulatory risk and reputational damage.
- Failure to comply with regulatory requirements can lead to fines and damage to the Bank's reputation. Non-compliance with the consumer duty standards can expose FirstBank UK to significant regulatory risk, leading to reputational damage.
- Data breaches and cyber-attacks can compromise clients and customer information, leading to reputational damage and potential legal liabilities.

Risk measurement

- **Customer satisfaction surveys:** Collecting feedback on customer experiences to gauge brand perception and identify service quality gaps.
- **Employee engagement surveys:** Assessing employee morale and identifying potential internal reputational risks arising from employee dissatisfaction.
- **Tracking regulatory incidents and complaints:** Regularly reviewing customer complaints and compliance breaches to identify reputational risks early.

Risk mitigation

- A robust complaints management process which ensures resolution within required time limits.
- A robust incident response framework to address and mitigate the impact of reputational risk events. This ensures that the Bank can respond quickly and effectively to issues, minimising harm to customers and mitigating the overall impact of events that could harm the Bank's reputation.
- Training employees on ethical standards and acceptable conduct minimises reputational risk including identification of vulnerable customers.

Risk monitoring

- Robust monitoring and testing programmes to ensure adherence to regulatory requirements and to avoid legal issues.
- Monitoring of media coverage, social media, and other channels to identify and address potential reputational risks early.

Principal and Emerging Risks

Climate Change Risk

Accountability: CEO, all Management Executives

Risk definition

The Bank is exposed to climate change risk through two primary channels - physical risk and transition risk.

Physical risks from climate change arise in the form of frequent and/or severe weather events, such as heatwaves, floods, wildfires, and storms and in the long term by way of broader shifts in climate such as changes in precipitation and extreme weather variability, sea level change and rising average temperatures.

Transition risks arise due to changes to the policies associated with transition to a net zero emissions economy, which will require significant structural changes to an economy. As part of the management of the financial risk arising from the climate change, various risks to which the Bank is exposed to needs to be quantified and managed for different climate change risk scenarios.

Risk Impact

- **Financial losses:** Loss of business opportunities, and decreased access to funding due to non-compliance with regulations.
- **Reputational damage:** Negative media coverage, decreased customer trust, and difficulty attracting and retaining talent due to unsustainable practices.
- Business continuity issues arising from physical risks.

Risk exposures

- The Bank's borrowers could be potentially exposed to climate related disruptions such as extreme weather, flooding and wildfires which could impact their financial health thereby increasing default rates and non- performing loans especially in sectors vulnerable to environmental changes.
- The Bank's trading and investment portfolio could face revaluation risks due to shifts in market preferences towards sustainable investments, carbon pricing or stranded assets in sectors affected by net zero transition policies.
- Increasing regulations could require the Bank to increase its capital buffers, adjust its lending policies or improve its ESG disclosures.
- Delayed adaptation to the green economy, failure to innovate sustainable finance products, misalignment with global climate policies and green washing could weaken the Bank's position, profitability, and growth potential.

Risk measurement

Key measurement approaches include:

- Scenario analysis and testing to assess potential financial losses under various climate scenarios which includes extreme weather events, carbon tax increases, etc.
- Carbon footprint – the Bank is actively monitoring its scope 1, 2 and 3 emissions with a view to baselining the data such that net zero targets can be set and tracked.
- Climate risk is monitored through sector risk exposure analysis conducted to identify high risk sectors.

Risk mitigation

- Climate change risk has been integrated into the Bank's Risk Management Framework and processes, including loan approvals, portfolio monitoring and reporting.
- Periodic climate change stress testing and scenario analysis are conducted to understand the potential impact of extreme weather events and transition risks.
- Climate risk governance and oversight on climate related financial risks has been enhanced, integrating related considerations into the Bank's business decisions and strategy.

Risk monitoring

- The Bank's Climate Change Risk Framework provides the platform to identify, manage, monitor, and mitigate risks arising from climate change risk.
- Annual risk assessments are conducted to measure the impact of climate change risk.
- Climate risk is integrated cross-functionally into other risk types.

Financial Statements

Company Information

Chairman	
	Andrew Alli
Directors	
	Dr Adesola Kazeem Adeduntan (Resigned 31 May 2024)
	Olalekan Adelekan
	Olukorede Adenowo
	Oluwatosin Adewuyi (Resigned 19 February 2025)
	Olusegun Alebiosu (Appointed 01 August 2024)
	Mfon Akpan
	Jeremy Patrick Steward Crawford CB
	David Tunde Davis
	Dr Catherine Raines (Appointed 28 March 2024)
Company Secretary	
	Margaret Fakoya
Registered Number	
	04459383
Registered Office	
	28 Finsbury Circus
	London
	EC2M 7DT
Bankers	
	HSBC Bank Plc - London and New York
	Standard Chartered Bank Plc - London, New York, Japan, China and UAE
Independent Auditor	
	Forvis Mazars
	Statutory Auditor
	30 Old Bailey
	London
	EC4M 7AU

Directors' Report

The Directors have pleasure in presenting their report together with the audited Financial Statements for the year ended 31 December 2024.

The particulars of important events affecting the Company ('Bank', or 'FirstBank UK') since the financial year-end can be found in the notes to the Financial Statements, and an indication of likely future developments can be found in the Strategic Report.

Results and Dividend

The Financial Statements have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards ("UK adopted IFRS") in conformity with the requirements of the Companies Act 2006. The profit after tax for the year amounted to US$45.78mn (2023: US$36.32mn). The Directors do not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil).

Capital Structure

There was no increase in the Bank's authorised or ordinary share capital during the year. Further information on the Company's share capital can be found in Note 26 to the Financial Statements.

Further information regarding the Bank's approach to risk management and its capital adequacy is contained in the unaudited disclosures made under current regulatory capital requirements (see the Pillar 3 disclosures which will be published on FirstBank UK's website at https://www.fbnbank.co.uk/ after the approval of these Financial Statements).

Activities

The Bank is authorised under the terms of the Financial Services and Markets Act 2000. It is authorised by the Prudential Regulation Authority (PRA) and is regulated by the Financial Conduct Authority (FCA) and the PRA.

The Bank operates in the City of London with representative offices in France and Nigeria.

The Bank continues to provide banking services to existing and new customers with business interests spanning Africa, Europe and the rest of the world.

Business Review

The Bank is an authorised banking institution and provides a range of banking and financial services. There have not been any significant changes in the Bank's principal activities in the year under review. The Directors are not aware, as at the date of this report, of any likely changes in the Bank's activities in the forthcoming year that would be material.

The Directors support the Bank's drive for improved productivity through its investments in human capital and technology. These investments are required for the long-term sustainability of the Bank.

Directors' Report

Directors

The Directors, who served during the year and up to the date these Financial Statements were signed were:

Name	Designation
Andrew Alli	Chairman, Independent Non-Executive Director
Patrick Crawford CB	Independent Non-Executive Director
Mfon Akpan	Independent Non-Executive Director
Dr Catherine Raines	Independent Non-Executive Director (Appointed 28 March 2024)
Dr Adesola Adeduntan	Non-Executive Director (Resigned 31 May 2024)
Oluwatosin Adewuyi	Non-Executive Director (Resigned 19 February 2025)
Olusegun Alebiosu	Non-Executive Director (Appointed 1 August 2024)
Olukorede Adenowo	Chief Executive Officer
David Davis	Deputy CEO/Chief Financial Officer
Olalekan Adelekan	Executive Director, Business Development

A new Director will be appointed to replace Oluwatosin Adewuyi.

Financial Risk Management Objectives and Policies

The Bank's objectives and policies regarding financial risks and other risks are set out in the Strategic Report and Note 31 to the Financial Statements.

Going Concern Basis of Accounting

In preparing the Bank's Financial Statements, the Directors are required to:

- assess the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Bank or to cease operations or have no realistic alternative but to do so.

In order to assess the appropriateness of the going concern basis, the Directors considered the Bank's financial position, the cash flow requirements underpinning its forecast and the potential risks likely to affect its future development and performance. The Bank is profitable and generates additional regulatory capitals from these profits. The amortisation of the Bank's Tier 2 capital from a regulatory perspective started in March 2024, and so is no longer fully available as part of the Bank's capital forecast.

The Bank has modelled a range of possible macro-economic forecasts and produced capital and liquidity forecasts based on these models. Reverse stress testing has been carried out which indicated that the Bank has sufficient capital, and liquidity buffers available to continue in the worst-case scenarios modelled.

The Bank's business activities, financial position, capital, factors likely to affect, and its objectives and policies in managing the financial risks to which it is exposed are discussed in the future prospects and going concern section of the Strategic Report.

The Directors have evaluated these risks in the preparation of the Financial Statements and consider it appropriate to prepare the Financial Statements on a going concern basis.

Streamlined Energy and Carbon Reporting (SECR)

This section includes our mandatory reporting of greenhouse gas emissions for the period 1 January 2024 to 31 December 2024 and is pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which came in force on 1 April 2019. Qualifying organisations are required to comply with the Regulations for all financial reporting periods that have a start date on or after 1 April 2019.

The table below shows the Bank's total energy consumption and greenhouse gas emissions for the relevant period and actions it has taken to reduce energy consumption and carbon output.

	2024	2023
Energy consumption used to calculate emissions: kWh	**Electricity: 432,853 kWh** **Total: 432,853 kWh**	Electricity: 350,834 kWh Total: 350,834 kWh
Emissions from combustion of gas tCO_2e (Scope 1)	**N/A**	N/A
Emissions from business travel in company owned vehicles (Scope 1)	**N/A**	N/A
Emissions from purchased electricity (Scope 2, location-based)	**89.6 tCO_2e**	72.6 tCO_2e
Intensity ratio: tCO_2e gross figure based on above mandatory fields	**0.75 tCO_2e per average number of colleagues on site**	0.73 tCO_2e per average number of colleagues on site
Methodology	**Billing/invoice data and average number of employees on-site throughout 2024 was provided by FirstBank UK Limited and energy efficiency actions.**	Billing/invoice data and intensity ratio data provided to TEAM (Energy Auditing Agency Limited) for calculation.
Energy Efficient Actions taken	**AC control management** **Improvements and the implementation of greater recycling infrastructure and increased awareness programmes.**	The implementation of new waste disposal practices

Preparation of financial statements

The Directors have elected to prepare the Bank's accounts in accordance with United Kingdom adopted International Financial Reporting Standards (UK adopted IFRS).

The Directors consider that, in preparing the Financial Statements, the Bank has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, provide the information necessary for its shareholder to assess the Bank's position and performance, business model and strategy. Directors are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Innovation and Change

FirstBank UK continues to invest in initiatives to drive growth and improve its overall competitiveness, reduce cost, provide better customer experience, generate more revenues, and capacity for expansion into adjacent products or regions. During the year, the Bank invested in varied automation initiatives to improve customer experience around onboarding and service delivery. The optimisation of the IT infrastructure continued to gain traction such as migration of the core banking platform to cloud storage as a means of improving operational resilience and CO2 emission reduction.

Directors' indemnity

The Director's Indemnity Policy covers the cost of compensation claims made against the Bank's Directors and key managers during 2024 and thereafter against any alleged wrongful acts up to a sum of £15mn (2023: £15mn).

Directors' Report

Auditor

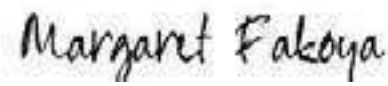
Each of the Directors as at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Forvis Mazars LLP was appointed this year as the Bank's Statutory Auditor, the firm replaced MHA MacIntyre Hudson who after serving for four years stepped down at the end of last financial year.

Approved and authorised for issue by the Board of Directors and signed by order of the Board:



Margaret Fakoya
Company Secretary

For and on behalf of
FirstBank UK Limited
Date: 31 March 2025

Strategic Report

The Directors of FirstBank UK Limited ('FirstBank UK', the 'Bank') have the pleasure of presenting their Strategic Report for the year ended 31 December 2024. The preceding Chairman's Statement and Chief Executive's Review form an integral part of this Strategic Report.

Business Review and Key Performance Indicators

The key performance indicators (KPIs) that evidence the Bank's operational effectiveness are:

Profit before Tax increased to $61.07mn (2023: $47.55mn), driven by improved earnings on the optimised asset portfolio.

Return on Assets increased to 1.6% (2023: 1.2%), driven by increase in profit for the year. This is calculated as profit after tax divided by average total asset.

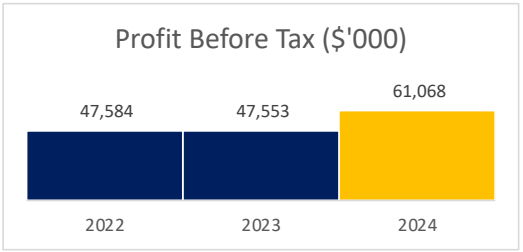
Return on Equity increased to 12.7% (2023: 11.4%), due to improved earnings. This is calculated as profit after tax divided by average shareholders' funds.

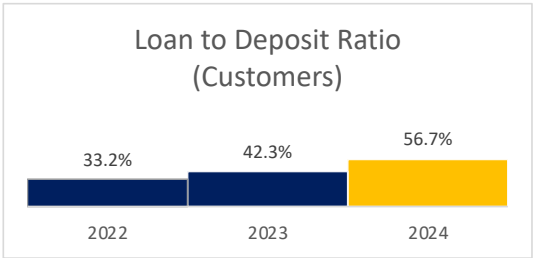
Cost-to-Income Ratio increased to 49.4% (2023: 46.4%), arising from headcount expansion and inflationary pressures on operating expenses. This ratio is calculated as operating cost divided by operating income.

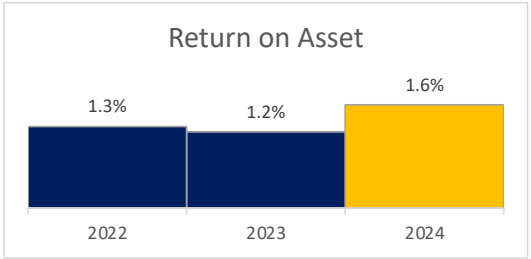
Loan-to-Deposit Ratio grew to 56.7% (2023: 42.3%), due to 13.27% growth in net loans and advances to customers while customer deposits reduced by 15% year-on-year. The ratio is calculated by dividing loans to customers by customer deposits.

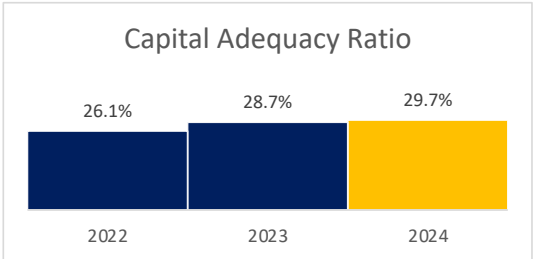
Capital Adequacy Ratio (CAR) increased slightly to 29.7% (2023: 28.7%), arising from profit accretion and changes to the Bank's balance sheet mix. CAR is calculated by dividing available regulatory capital by risk weighted assets.

Liquidity Coverage Ratio (LCR) increased to 278.4% (2023: 161%), driven by changes in the Bank's deposit profile and asset mix. The ratio was well above the regulatory limit of 100% throughout the year.

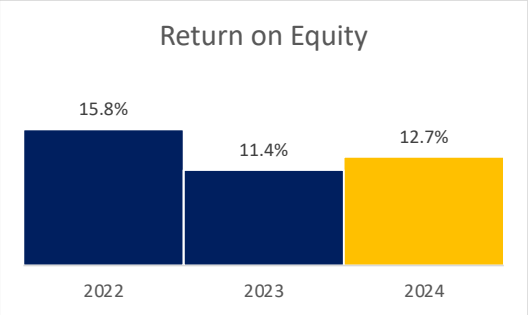


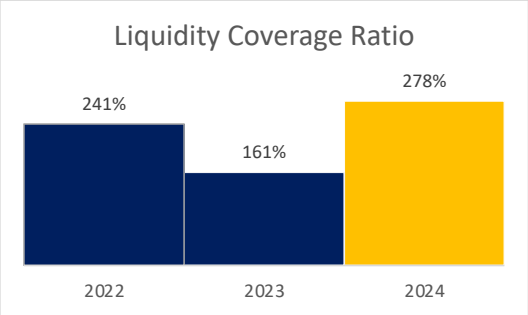


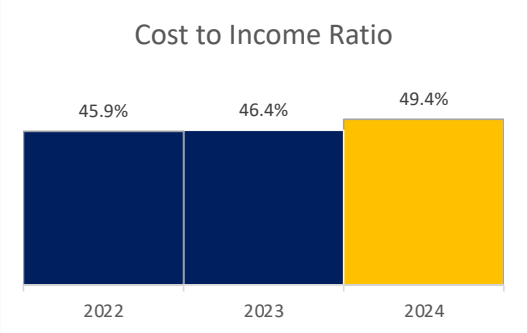




Strategic Report







Directors' section 172 (1) statement

The Directors provide this statement describing how they have had regard to the matters set out in section 172 of Companies Act 2006 when performing their duty to promote the success of the Company. The statement considers how the Directors have engaged with and had regard to the interest of stakeholders.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members, and in doing so had regard, amongst other matters, to:

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

In its discussions and decision-making, the Board considers regular reports from senior management on issues concerning its various stakeholders, the environment and its communities. In addition, the Board undertakes training to enhance its understanding of key issues impacting the Bank's stakeholders. Furthermore, members of the Board have had interactions with various stakeholders including regulators and key customers.

We have discussed our leadership, culture and values, as well as our approach to handling complaints within the non-financial section on pages 9 - 10 of performance highlights report.

Regulators

The members of the Board and senior management maintained an open and cooperative engagement with the Bank's regulators.

During the year, the Bank continued to engage actively with its regulators as the Board and senior management held regular meetings with both the PRA and FCA to keep them continually updated on the business and operational performance of the Bank. All regulatory requirements were identified, tracked, and acted upon by the Bank which gave due consideration to regulatory impact throughout its activities.

Strategic Report

Customers

The Board is supportive of management in making appropriate decisions that provide the best outcome for our customers in all circumstances. The Bank aims to deliver innovative solutions to its customers in a cost-effective way that always deliver good outcomes. Fees and charges are disclosed to clients in line with regulatory requirements and industry best practice. The Bank retains a team of experienced relationship managers that interact with its customers regularly while also creating opportunities for customers to meet with its Directors, so providing constant feedback to management. Frontline employees are trained to identify and support vulnerable customers.

Employees

The Board recognises the criticality of employees' wellbeing to the performance of the Bank; and seeks expected behaviours that are aligned with the Bank's purpose, vision and values. It recognises performance management, talent development and promoting the right culture as giving the right impetus for growth.

The Bank has undertaken a culture transformation journey to re-define its culture through an employee led strategy. This objective was pursued through iterative workshops and surveys focused on distilling the desired outcomes. This has helped the Bank to identify key priorities and develop action plans aimed at embedding the culture while ensuring the Bank is a great place to work. The Board fully supported senior management's initiatives aimed at promoting the financial, emotional, and mental health of employees. The Bank is also an equal opportunities employer and committed to equality and diversity enshrined in its 'being inclusive' value.

Suppliers

As part of the Bank's outsourcing and operational resilience procedures, senior management met regularly with key strategic partners and suppliers to perform due diligence reviews to ensure that a good standard service delivery was maintained. Regular management information and reports were provided to relevant internal committees.

Maintaining a Reputation for High Standards of Business Conduct

The Board requires that the Bank fully complies with the Senior Manager and Certification Regime set by the PRA, which sets out high standards and accountability for personal and business conduct; and it receives regular reports from HR and Compliance in this respect. The HR Department conducts an annual exercise of reviewing that all senior managers and certified staff are fit and proper. The Bank seeks to create an environment of good culture and values and of holding to a high standard of good conduct.

Shareholders

The Board is committed to delivering sustainable growth and returns to its shareholders, on a consistent basis in line with the strategic aspiration of the Bank. Taking into consideration the importance to our shareholders, and investors in First Holdco Plc more broadly, of the long-term security and soundness of the Bank and the sound preservation of its balance sheet, the Board encouraged senior management to ensure that lending decisions would continue to be taken prudently, notwithstanding our growth aspiration.

The Board is pleased to end the year with a strong capital position and wishes to thank its shareholders for their continued support. In determining the timing of dividends payment in future, the Board will continue to consider relevant factors, including the expectations of our shareholders, the long-term value of retaining capital to grow the business, the level of profits after tax available to distribute and the maintenance of appropriate levels of capital in line with the Bank's risk appetite and regulatory requirements.

Future Prospects and Going Concern

The Directors of the Bank, recognising their obligation to assess whether the Bank can continue as a going concern for the 12 months following the signing of the accounts, have performed an assessment of going concern. The Bank's business activities, financial performance, capital levels, liquidity and funding positions and risk management approach are described in other sections of this annual report.

In undertaking this assessment, the Directors considered the risks faced by the Bank, including from the regions served by the Bank, and in particular the Nigerian market and the economic uncertainty associated with it. Central to the assessment is the Bank's three-year financial forecast, which undergoes stress testing. The Bank has a robust process for managing and mitigating the key uncertainty with regards to the level of expected credit losses (ECL) related to customer lending, arising

Strategic Report

from stress on macroeconomic variables such as global output contraction, a drop in oil price, and variations in exchange rates. This is consistent with the approach adopted in the Bank's Internal Capital Adequacy Assessment Process (ICAAP). The Bank assessed downside scenarios of varying severity and determined that it would be able to continue to operate with sufficient capital and liquidity to meet regulatory requirements, even in severe but plausible scenarios.

The Bank measures and manages liquidity adequacy in line with its liquidity risk appetite metrics and maintains a liquidity and funding profile to enable it to meet its financial obligations under normal, and stressed, market conditions. Liquidity ratios remain very strong and above regulatory and risk appetite limits. The Bank's over-arching risk appetite is to, maintain sufficient liquidity resources to ensure a 'survival period' of at least 12 months against any severe yet plausible adverse liquidity stress.

The Directors concluded that the Bank has adequate resources to continue in operational existence during this time and that it is appropriate for the Bank's financial statements to be prepared on a going concern basis.

Operational resilience

Operational resilience remains a key focus for the Bank.

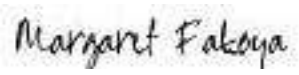
A series of scenarios setting out the crystallisation of severe but plausible combinations of significant risks was developed to support planning and appropriate forward-looking risk management strategies. To diverse and evolving array of threats, both external and internal, as well as developing, strengthening or adapting our existing control capability to be able to absorb and adapt to such disruptions. Throughout the year, the Bank operated a hybrid working model but can switch back to a remote working arrangement, with minimal key staff attending the office, at any time and without notice. This remote working arrangement has been further enhanced by using two combined technologies for the purposes of operational redundancy. Furthermore, our governance structure for remote working continued to be enhanced for effective management of a heightened risk environment as we seek to continue providing a seamless and uninterrupted service to our customers while ensuring the safety and wellbeing of our staff.

Taxation payments

The Bank is resident only in the United Kingdom with representative offices in Nigeria and France. It makes appropriate periodic tax payments including income tax, PAYE and national insurance contributions deducted from employee wages and salaries to the tax authorities in all jurisdictions. The Bank complies with the United Kingdom's Code of Practice on Taxation for Banks.

Approval

This report was approved and authorised for issue by the Board of Directors on 31 March 2025 and signed on its behalf by:



Margaret Fakoya
Company Secretary

Statement of Directors' Responsibilities

for the year ended 31 December 2024

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the Company accounts in accordance with United Kingdom adopted International Financial Reporting Standards ("UK adopted IFRS"). Under company law, the Directors must not approve the annual report and financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted IFRS is insufficient to enable users to understand the impact of particular transactions, or other events or conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are 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 that enable them to ensure that its annual report and financial statements comply with the Companies Act 2006. They are also 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 responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of FirstBank UK Limited

for the year ended 31 December 2024

Opinion

We have audited the financial statements of FirstBank UK Limited (the 'Bank') for the year ended 31 December 2024 which comprise the Statement of Profit or Loss and Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation 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 its 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.

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 other ethical responsibilities in accordance with these 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 audit procedures to evaluate the Directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining the Directors' going concern assessment, including the cash flow forecast for the going concern period covering 12 months from the date of signing this audit opinion;
- Making enquiries of the Directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Bank's future financial performance;
- Challenging the appropriateness of the Directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence;
- Assessing the arithmetical and the historical accuracy of forecasts prepared by the Directors;
- Engaging our in-house prudential risk management experts to evaluate the appropriateness and robustness of management's stress test and reverse stress test scenarios, including consideration of principal and emerging risks on liquidity and regulatory capital;
- Assessing the sufficiency of the Bank's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') documents;
- Evaluating the key assumptions used and judgements applied by the Directors including consideration of the events after balance sheet date in forming their conclusions on going concern;
- Considering the consistency of the Directors' forecasts with other areas of the financial statements and our audit;

Independent Auditor's Report

for the year ended 31 December 2024

- Reading regulatory correspondence, minutes of meetings of the Audit Committee and the Board of Directors and considering post balance sheet events to identify events or conditions that may impact the Bank's ability to continue as a going concern; and
- Evaluating the adequacy and appropriateness of the Directors' disclosures on going concern in the financial statements.

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.

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) we identified, including those 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.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address this matter and our key observations arising from those procedures.

This matter, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Independent Auditor's Report

for the year ended 31 December 2024

Key Audit Matter	How our scope addressed this matter
Allowance for credit losses – Expected Credit Losses Refer to material accounting policy information Note 2c and Notes 12, 14, 15, 16 and 18a of the financial statements As at 31 December 2024, the Bank has an expected credit loss ('ECL') allowance of $24.7mn (2023: $23.9mn) in the statement of financial position. The Net credit impairment charge recognised in the Bank's Statement of Profit or Loss and Comprehensive Income for the year ended 31 December 2024 was $0.9mn (2023: $10.7mn). The Bank has diverse loan portfolio involving Corporate, Retail and Institutional Banking clients from Nigeria, UK and other countries of Africa where the Group has footprints. The most significant areas where credit risk is an inherently judgemental area is the use of subjective assumptions and a high degree of estimation. IFRS 9 requires the Bank to recognise expected credit losses ("ECL") on financial instruments which involve significant judgement and estimates. The most significant areas where we identify greater levels of management judgement are: • Key assumptions in the model including probability of default ("PD") and loss given default ("LGD"); and • Use of macro-economic variables reflecting a range of future scenarios. The Bank calculates ECL using a tool developed by its external consultant, EY. For the wholesale portfolio, the bank sources the Probability of Default (PD) and Loss Given Default (LGD) from Moody's RiskCalc tool. For the mortgage portfolio, the PD is calculated at the portfolio level based on historical data. The effect of these matters is that, as part of our risk assessment, we determined that the provision for impairment on loans and advances has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	**Our audit procedures included, but were not limited to:** • Assessing the design and implementation, and testing the operating effectiveness, of key controls over the monitoring and reporting of credit exposures, and the completeness of provisioning watchlists; • Obtaining an understanding of the Impairment process and assessing the design and implementation, and testing the operating effectiveness of key controls related to this process; • Engaging our in-house credit risk specialist to challenge the appropriateness of the Bank's IFRS 9 impairment methodology, including testing and challenging the reasonableness of the assumptions, assessing the appropriateness of the model's design; • Engaging our in-house economist experts to test and challenge the appropriateness of the Bank's macro-economic variables, economic scenarios used and the probability weightings applied; • Engaging our in-house valuation experts to test valuation of collateral properties and challenge management on valuations considered; • Performing testing over key data inputs to the ECL calculation by agreeing a sample of records and key data inputs, including PDs and LGDs to the supporting evidence; • Performing independent credit file review testing and challenging management on the application of Significant Increase in Credit Risk ('SICR') for a sample of counterparties to identify indicators of deterioration in credit quality and assess the appropriateness of the staging and associated ECL estimate; • Assessing the Bank's staging criteria by review samples of loans under stage 1 and 2 in line with our methodology to check that they have been staged appropriately; • Performing a stand back assessment of the resulting allowance for credit losses to assess its appropriateness and reasonableness. In performing this procedure, we considered the credit quality of the loan portfolio and performed benchmarking across similar banks considering both staging percentages and provision coverage ratios; • Reperforming calculations and agreeing data inputs to source documentation where applicable, including collateral valuation reports and PDs; and

Independent Auditor's Report

for the year ended 31 December 2024

Key Audit Matter	How our scope addressed this matter
The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's estimation of ECL are: • The selection and application of the PD; • The selection and application of the LGD; • The probability weighted scenarios determined using forward looking information; • Staging of loans and the identification of significant increase in credit risk and • Individually assessed impairment (Stage 3): Management performs an individual assessment on its stage 3 exposures which is a highly manual and judgemental process, with several assumptions applied such as the probability weightings and LGD We have identified this area as significant risk and a key audit matter in our audit as it involves application of significant judgement by management and therefore requires significant focus in the audit.	• Assessing appropriateness of disclosures to ensure it reflects and addresses the uncertainty which exists when determining the expected credit losses, including the disclosures in relation to sensitivity analysis and key judgements. **Our observations** We concluded that the allowance for credit losses recognised as at 31 December 2024 was reasonable and the approach taken in respect of ECL was in compliance with the requirements of IFRS 9.

Independent Auditor's Report

for the year ended 31 December 2024

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$2,928,000
How we determined it	5% of Profit before tax
Rationale for benchmark applied	We set materiality using a benchmark of profit before tax (PBT). PBT is a primary measure used by the shareholder in assessing the performance of the Bank and is a generally accepted benchmark for determining audit materiality. It is the metric in the primary statements which best reflects the focus of the users of the financial statements. This benchmark is standard for financial institutions and consistent with the wider industry. The PBT for the year ended 31 December 2024 was $61,068 (in 000's). Although the final PBT was higher than the interim PBT of $58,561 (in 000's) used in planning materiality, we kept materiality at original absolute value of $2,928,000.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at $1,171,000, which represents 40% of overall materiality. The primary factors we considered in determining the level of performance materiality include the fact that this is an initial audit engagement; our understanding of the errors detected in previous audits by the predecessor auditor and our expectation of the number of errors in the current year audit.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $88,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Bank, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information. 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.

Independent Auditor's Report

for the year ended 31 December 2024

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

In 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.

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 by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank's 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 set out on page 68, 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's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

for the year ended 31 December 2024

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Bank and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulatory and supervisory requirements of the PRA and the Financial Conduct Authority ('FCA'), and financial crime regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Bank and the industry in which it operates, and considering the risk of acts by the Bank which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of Directors, management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Meeting with the PRA and inspecting correspondence with regulatory authorities;
- Reviewing minutes of Board of Directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance throughout the audit.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to allowance for credit losses and revenue recognition.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Inspecting the Bank's regulatory and legal correspondence and reviewing minutes of the Board of Directors meetings in the year;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Being sceptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors responsibilities. This description forms part of our Auditor's report.

Independent Auditor's Report

for the year ended 31 December 2024

Other matters which we are required to address

Following the recommendation of the Board Audit and Risk Assessment Committee (Now referred to as Board Audit Committee), we were appointed by the Board of Directors on 18 March 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit 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.

Poppy Proborespati
Senior Statutory Auditor
for and on behalf of Forvis Mazars LLP Chartered Accountants and Statutory Auditor
30 Old Bailey, London, EC4M 7AU
22 April 2025

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Interest income	4a	**187,256,620**	155,275,427
Interest expense	4b	**(77,075,461)**	(59,896,149)
Net interest income		**110,181,159**	95,379,278
Net fee and commission income	5	**8,244,989**	11,223,206
Foreign exchange losses	6	**(3,435,239)**	(5,819,509)
Losses on derecognition of financial assets at amortised cost		**(35,467)**	(747,336)
Net gains on financial assets at FVOCI		**277,829**	-
Net gains on financial assets at FVTPL	7	**3,469,081**	3,136,274
Other operating income	8	**3,598,758**	5,331,799
Profit on sale of property and equipment		**-**	3,171
Operating income		**122,301,110**	108,506,883
Personnel expenses	9	**(32,902,839)**	(24,913,408)
Depreciation and amortisation	10	**(2,015,740)**	(2,387,971)
Other operating expenses	11	**(25,444,703)**	(22,999,787)
Operating expenses		**(60,363,282)**	(50,301,166)
Credit impairment charge	12	**(869,589)**	(10,652,655)
Profit before taxation		**61,068,239**	47,553,062
Income tax expense	13	**(15,287,537)**	(11,237,778)
Profit after taxation		**45,780,702**	36,315,284
Other comprehensive income			
Items that may be subsequently reclassified to profit/loss			
Net changes in fair value of debt securities at FVOCI		**91,643**	-
Tax effect of fair value changes		**(22,911)**	-
Other comprehensive income for the year		**68,732**	-
Total comprehensive income for the year		**45,849,434**	36,315,284

The above results were derived from continuing operations.

The Notes on pages 81 - 136 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Assets			
Cash and bank balances	14	**54,719,509**	38,230,748
Loans and advances to banks	15	**999,895,364**	1,186,212,834
Loans and advances to customers	16	**601,178,458**	528,608,581
Financial assets held at fair value through profit or loss	17	**33,816,495**	37,038,076
Investment securities	18	**1,456,429,016**	634,655,385
Property and equipment	19	**6,556,173**	7,737,741
Intangible assets	20	**416,719**	1,121,550
Current tax asset	13	**952,018**	-
Other assets	21	**3,310,100**	3,280,512
Deferred tax asset	13	**17,049,353**	25,818,620
Total assets		**3,174,323,205**	2,462,704,047
Liabilities			
Deposits from banks	22	**1,518,433,587**	713,970,494
Deposits from customers	23	**1,060,135,149**	1,249,444,331
Financial liabilities at fair value through profit or loss	17	**3,007,304**	16,659,543
Current tax liability	13	**-**	1,295,628
Subordinated liabilities	24	**60,240,000**	60,255,000
Other liabilities	25	**150,203,683**	84,625,003
Total liabilities		**2,792,019,723**	2,126,249,999
Called up share capital	26	**242,000,000**	242,000,000
Share premium	27	**24,227,532**	24,227,532
Translation reserve	27	**475,187**	475,187
Retained earnings	27	**115,532,031**	69,751,329
Fair value reserve	27	**68,732**	-
Equity shareholders' funds		**382,303,482**	336,454,048
Total equity and liabilities		**3,174,323,205**	2,462,704,047

Approved by the Board and authorised for issue on 31 March 2025 and signed on its behalf by:

Olukorede Adenowo
Chief Executive Officer

Andrew Alli
Chairman

Company Registration No. 04459383
The Notes on pages 81 - 136 form an integral part of these financial statements.

Statement of Changes In Equity

for the year ended 31 December 2024

	Share capital $	Share premium $	Retained earnings $	Translation reserve $	Fair value reserve $	Total equity $
Balance attributable to equity shareholders as at 1 January 2023	242,000,000	24,227,532	33,436,045	475,187	-	300,138,764
Profit for the year	-	-	36,315,284	-	-	36,315,284
Balance attributable to equity shareholders as at 31 December 2023	242,000,000	24,227,532	69,751,329	475,187	-	336,454,048
Profit for the year	-	-	45,780,702	-	-	45,780,702
Other comprehensive income						
Net changes in fair value	-	-	-	-	68,732	68,732
Balance attributable to equity shareholders as at 31 December 2024	**242,000,000**	**24,227,532**	**115,532,031**	**475,187**	**68,732**	**382,303,482**

The Notes on pages 81 - 136 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2023

	Note	31 December 2024 $	31 December 2023 $
Profit for the year before taxation		**61,068,239**	47,553,062
Adjustment to reconcile profit to cash flow from operating activities			
Depreciation of property and equipment	19	**1,305,257**	1,553,258
Amortisation of intangible assets	20	**710,483**	834,713
Interest expenses on subordinated liability		**5,490,000**	5,475,000
Net gains/(loss) from sale of investment securities		**(242,362)**	747,336
Net gains on sales on financial assets at FVTPL		**(28,597)**	(235,432)
Foreign currency revaluation losses		**3,201,086**	5,819,509
Credit impairment losses	12	**1,786,453**	10,652,655
		73,290,559	72,400,101
Net (increase) / decrease in assets relating to operating activities			
Loans and advances to banks		**36,160,880**	22,100,735
Loans and advances to customers		**(74,018,980)**	(138,528,505)
Financial assets held at fair value through profit or loss		**3,250,178**	(5,407,098)
Other assets		**(29,588)**	(851,334)
		(34,637,510)	(122,686,201)
Increase / (decrease) in liabilities relating to operating activities			
Deposits from banks		**804,463,093**	(1,050,768,435)
Deposits from customers		**(189,309,183)**	41,248,076
Other liabilities		**66,945,979**	(43,043,423)
Financial liabilities at fair value through profit or loss		**(17,087,478)**	(17,047,705)
Income taxes paid		**(8,679,449)**	(5,819,386)
		656,332,962	(1,075,430,873)
Net cashflow from/(used in) operating activities		**694,986,011**	(1,125,716,973)
Net cash (used in) / generated from investing activities			
Acquisition of property, plant and equipment		**(123,689)**	(186,105)
Acquisition of intangible assets		**(5,653)**	(175,283)
Proceeds from (purchase)/sale of financial investments at amortised cost		**(821,395,995)**	1,105,994,751
Proceeds from sale of property and equipment		**-**	3,171
		(821,525,337)	1,105,636,534
Cash flows used in financing activities			
Interest paid on subordinated liability		**(5,505,000)**	(5,475,000)
Principal element of lease payment		**(931,173)**	(1,253,403)
		(6,436,173)	(6,728,403)
Net (decrease) / increase in cash and cash equivalents		**(132,975,499)**	(26,808,842)
Cash and cash equivalents as at 1 January		**495,730,749**	522,342,258
Exchange difference		**(17,726)**	197,332
Cash and cash equivalents as at 31 December	34	**362,737,524**	495,730,748

Interest received was $188.04mn (2023: $151.54mn), interest paid was $80.44mn (2023: $49.33mn).

The Notes on pages 81 - 136 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2024

Material accounting policies

1 General information

FirstBank UK Limited ('FirstBank UK' or 'the Bank') is a company limited by shares and registered in England and Wales under the Companies Act 2006 with registration number 04459383. The nature of the Bank's operations and of its principal activities is set out in the Directors' Report.

Statement of compliance

FirstBank UK has prepared these financial statements in accordance with United Kingdom adopted International Financial Reporting Standards ("UK adopted IFRS") and those parts of the Companies Act 2006 that are relevant to companies which apply UK adopted IFRS. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The Bank's functional and presentation currency is US Dollars.

Going concern

The Directors have assessed going concern, taking in to account the Bank's capital and liquidity positions over the next 12 months, including consideration of reasonably plausible stress scenarios.

FirstBank UK's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report on pages 60 - 67. The financial performance of the Bank, its cash flow and capital position are as described on pages 77 - 80. In addition, FirstBank UK's business objectives, capital structure policies and financial risk management objectives are as stated in the Strategic and Directors' Reports. Details of its financial instruments and hedging activities, and its exposures to credit and liquidity risks are provided in Note 31 of the Financial Statements.

The Bank estimated the potential impact on expected credit losses in respect of its credit portfolio under various stress scenarios assuming downgrade by several notches on the Bank's portfolio to account for stress on macroeconomic variables and its impact on credit and counterparty risk. Under these stress scenarios there would be an increase in expected credit loss provisions; and this has been considered in the assessment of going concern. When assessing going concern, no regulatory capital ratios were breached in the base to mid case stress scenarios. In the most severe scenario, the Bank would be able to restore its capital by taking appropriate management action to reduce balance sheet growth by reducing lending, which in turn reduces its capital requirement.

From a liquidity perspective, the Bank has sufficient liquidity buffer to satisfy both business as usual and under stress conditions, as demonstrated in the various stress scenarios modelled.

After making enquiries, in addition to an assessment of the impact of principal risks as set out on pages 49 - 57 of the Risk Overview section. The Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continued to adopt the going concern basis in preparing the annual report and accounts.

The accounting policies that are material to the Bank are set out below. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

2 Accounting policies

a. Changes in accounting policy

FirstBank UK has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2024 and which have not been adopted early, are expected to have a material effect on the financial statements.

New standards, interpretations, and amendments effective from 1 January 2024

The IASB has issued some mandatory amendments to IFRS accounting standards as follows:

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The Bank has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments did not have an impact on the Bank's statement of financial position, which is presented in order of liquidity.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangement

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 is 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 amendments are effective for annual periods beginning on or after 1 January 2024. The amendment does not have any impact on the Bank.

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

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. This amendment does not have any impact on the Bank's statement of financial position.

Standards issued but not yet effective

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

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not, it also states that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The application of these amendments is not expected to have an impact on the Bank's financial statements in future periods.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions. The impact of IFRS 18 on the Bank is yet to be determined.

Notes to the Financial Statements

for the year ended 31 December 2024

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. The Bank has not assessed the impact of IFRS 19 on financial statements disclosures.

b. Income recognition

Interest income and expense

Interest income on financial assets and interest expense on financial liabilities that are measured at amortised cost are recognised in 'Interest income' and 'Interest expense', respectively, in the statement of profit or loss using the "effective interest rate" method.

The effective interest rate (EIR) is the rate that exactly discounts expected future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The effective interest rate incorporates fees receivable that are an integral part of a financial instrument. FirstBank UK calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', FirstBank UK calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets become cured and is no longer credit impaired, FirstBank UK reverts to calculating interest income on a gross basis.

Interest income on financial assets mandatorily required to be measured at fair value through profit or loss (FVTPL) is recognised using the contractual interest rate in interest income. All income derives from banking business carried out in the United Kingdom.

Fees and commissions income

The Bank determines fee and commission revenue recognition using the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenue when (or as) the Bank satisfies a performance obligation.

Fees and commissions income are accounted for depending on the services to which the income relates as follows:

- fees earned on the execution of a significant act are recognised in 'fee income' when the act is completed;
- fees earned in respect of services are recognised in 'fee income' as the services are provided; and
- fees which form an integral part of the "effective interest rate" of a financial instrument are recognised as an adjustment to the effective interest rate and recorded in 'interest income'.

Other operating income

Other operating income relates to reclaimed VAT expense and is recognised on accrual basis.

Foreign exchange revaluation loss

Dealing and exchange losses relate to foreign exchange income derived from customer foreign exchange transactions and the revaluation of foreign currency assets and liabilities.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into dollars using the rate of exchange as at the balance sheet date and resulting gains and losses on translation are included in the statement of profit or loss.

Exchange profits/(loss) on foreign exchange transactions with customers are recognised during the year.

c. Financial instruments - initial recognition

Date of recognition

The Bank applies IFRS 9 – Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities which includes derivative financial instruments and the impairment of financial assets.

Recognition

The Bank recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset. Financial assets and liabilities, except for loans and advances to customers and balances due to customers, which are initially recognised on the trade date, i.e., the date on which FirstBank UK becomes a party to the contractual provisions of the instrument. This includes regular way trades: i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. FirstBank UK recognises balances due to customers when funds are transferred to the Bank.

Classification and measurement

Financial assets are classified on the basis of two criteria:

(i) the business model within which financial assets are managed; and

(ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, transaction costs are added to, or subtracted from their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL where transaction costs are expensed in profit or loss. Trade receivables are measured at the transaction price which is the amount to which an entity expects to be entitled in exchange for the transfer of services. When the fair value of financial instruments at initial recognition differs from the transaction price, FirstBank UK accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, FirstBank UK recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised or amortised.

Measurement categories of financial assets and liabilities

Financial assets

FirstBank UK classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Notes to the Financial Statements

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Business model assessment

The Bank's business model reflects how it manages its financial assets in order to generate cash flows; its business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. This assessment is performed on the basis of scenarios that the Bank reasonably expects to occur.

This business model is determined by the Bank's key management personnel at a level that reflects how groups of financial assets (not individual instruments) are managed together to achieve a particular business objective. Judgement is applied when determining the level of aggregation to which the business model assessment should be directed. Factors considered by the Bank in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the assets' performance were evaluated and reported to key management personnel, and how risks are assessed and managed.

It should also be noted that, if cash flows are realised in a way that is different from the Bank's expectations at the date that it assessed the business model, this does not give rise to a prior period error in the Bank's financial statements nor does it change the classification of the remaining financial assets held in that business model, as long as the Bank has considered all relevant information that was available at the time that it made the business model assessment.

SPPI test

As a second step of its classification process, FirstBank UK assesses the contractual terms of financial assets to identify whether the cash flows are solely payment of principal and interest on the principal amount outstanding on specified dates. In making this assessment, the Bank considers whether the contractual cash flows are consistent with basic lending arrangement i.e. they are solely payments of principal and interest which includes only consideration for the time value of money, credit risk, other lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual cash flows introduce exposure to risks or volatility inconsistent with basic lending arrangement e.g., changes in equity prices or commodity prices, the related financial asset is classified and measured at FVTPL.

Loans and advances to banks, loans and advances to customers, financial investments at amortised cost

FirstBank UK only measures loans and advances to banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics.

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

FirstBank UK enters derivative transactions with various counterparties which include forward foreign exchange contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in the Financial Statements. Changes in the fair value of derivatives are included in the foreign currency revaluation line of the income statement.

Financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL)
- Amortised cost

Financial liabilities are measured at FVTPL when they are designated as such on initial recognition using the fair value option or when they meet the definition of held for trading i.e.

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative.

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

Derecognition due to substantial modification of terms and conditions

FirstBank UK derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased/originated credit impaired (POCI) asset.

When assessing whether to derecognise a loan to a customer, amongst others, FirstBank UK considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, then the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, FirstBank UK records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. FirstBank UK also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

FirstBank UK has transferred the financial asset if it has transferred its contractual rights to receive cash flows from the financial asset. A transfer only qualifies for derecognition if either the Bank has transferred substantially all the risks and rewards of the asset or the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. FirstBank UK considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2024

Impairment of financial assets

Overview of the ECL principles

FirstBank UK records the allowance for expected credit loss (ECL) for all loans, debt financial assets not held at FVTPL, loan commitments and contingent exposures (Letters of Credit and Guarantee), all being referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss, LTECL), unless there has been no significant increase in credit risk since origination; in that case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs associated with the possibility of a financial instrument defaulting in the next 12 months. Both LTECLs and 12mECLs are calculated on contractual basis.

The significant increase in credit risk (SICR) test

The Bank's policy on staging includes three indicators to determine whether there has been a significant increase in credit risk. These are:

- Primary indicator – This applies a 12-month probability of default (PD) variation approach which uses a notch movement within rating grades (change in credit rating).
- Secondary indicator – Entry onto Watchlist list.
- Backstop indicator – Days Past Due for all exposures.

The Bank has an internal rating system that is used to carry out regular credit assessment of borrowers and to provide a credit rating. The credit rating reflects the default risk of the borrower which is computed using the current and future information on the borrowers. For the SICR assessment, the Bank uses the latest internal rating at the reporting date and the internal rating of the borrower at the facility origination date.

Based on the movement in the internal rating between the origination and reporting dates and pre-defined rating notch criteria, the SICR assessment is then carried out. If the movement is more than the agreed notches, the facility is deemed to have increased in credit risk and is classified as stage 2. The use of 12-month PD variation is relative to the structure of the Banks portfolio, repayment pattern (amortising) and frequency of rating review which is annual at the minimum. Per policy requirements, a watchlist account is a credit exposure for which an increased credit risk is perceived. The increased credit risk is identified by potential weaknesses which if left uncorrected could result in a deterioration of repayment prospects. Days Past Due (DPD) at 30 days or more is used as a backstop measure to supplement the PD and secondary indicators to determine a SICR. Regardless of whether there is a breach in PD threshold or entry into the Watchlist list, an exposure would be considered to have experienced a SICR if it is more than 30 DPD.

The occurrence of a SICR is conditional on either of the criteria above being met.

FirstBank UK assesses a SICR based on qualitative and quantitative factors which are used to assign exposures into various stages. The assessment of significant increase in credit risk is detailed below:

Stage	Description	Accounting Implication
Stage 1	No significant changes in credit quality of exposure since initial recognition.	12-month expected credit losses. Interest calculated on gross carrying amount.
Stage 2	The credit risk of the exposure has increased significantly since initial recognition.	Lifetime expected credit losses. Interest calculated on gross carrying amount.
Stage 3	The credit risk of the exposure has increased significantly since initial recognition and there is objective evidence of impairment.	Lifetime expected credit losses. Interest calculated on net carrying amount.

Low credit risk expedient and use of 30 days DPD backstop

Low credit risk expedient is not adopted by the Bank, the assessment of SICR is applied for all exposures at the individual contract level.

Calculation of ECLs

The Bank's ECL model uses risk and financial data such as the Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Effective Interest Rate (EIR) to estimate ECL for each contractual exposure. The ECL is a function of the PD, LGD and EAD discounted to account for the time value of money. A 12-month ECL calculation is applied on Stage 1 contracts, while a Lifetime ECL calculation will be applied on Stage 2 and 3 contracts.

In estimating the ECL, the Bank incorporates the impact of changing macroeconomic scenarios on ECL computation through consideration of three discrete scenarios (Upturn, Base and Downturn) with probabilities of occurrence (probability weights) applied to each scenario. The sensitivities are intended to indicate how the PD and LGD will change per counterparty until maturity of the exposure.

Loans and advances to customers/debt instruments measured at fair value through OCI

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. An adverse change in the credit risk component would go through the impairment item line in the profit and loss with the remainder going through OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Collateral valuation

To mitigate its credit risks on loan portfolio, FirstBank UK seeks to obtain collateral, where possible. Such collateral may come in various forms, such as cash, securities, real estate, receivables, inventories, other non-financial assets or credit enhancements such as letters of credit/guarantees and netting agreements. Collateral, other than cash, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed at a minimum, at inception and re-assessed periodically. However, where the collateral type is cash, it is valued daily.

To the extent possible, FirstBank UK uses active market data for valuing securities held as collateral. Other types of collateral which do not have readily determinable market values are valued based on market standard valuation methodologies. Non-financial collateral, such as real estate property, is valued based on valuation provided by professional valuers or based on house price indices.

Collateral repossessed

The Bank will typically seek legal advice on the most appropriate approach with regards to conditions under which liquidation or insolvency proceedings may be initiated, the method of repossession and other legal requirements to ensure that repossessed security is adequately controlled, managed and efficiently disposed of.

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In its normal course of business, the Bank does not physically repossess properties or other assets in its mortgage portfolio but engages external agents to repossess and recover funds to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the real estate properties under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety only when the probability of recovery is very low. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit impairment losses.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation begins when an asset is available for use and ceases at the earlier of the date the asset is derecognised or classified as held for sale in line with IFRS 5.

Depreciation is provided on a straight-line basis at the following rates to write off the cost of the property and equipment over their estimated useful life as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Ten years (or lease period if shorter)
Furniture and equipment	Five years
Computer hardware	Three years
Motor vehicles	Four years
Right of use assets	Over the lease period

Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset is recognised in income statement in the period the asset is derecognised.

Intangible assets

Expenditure on research and cost incurred on maintenance of computer software programmes are recognised as an expense as incurred. Development costs are recognised as intangible assets when the recognition criteria are met.

Intangible assets are stated at cost less amortisation and accumulated impairment losses. The related assets are primarily computer software which are amortised on a straight-line basis over their useful life, five years, in a manner that reflects the pattern to which they contribute to future cash flows.

Items of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset is recognised in income statement in the period the asset is derecognised.

Impairment of non-financial assets

At each balance sheet date, non-financial assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, being the higher of the asset's fair value less cost of disposal or its value in use. Fair value less cost of disposal is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of fixed assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a non-financial asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the non-financial asset recoverable amount. The carrying amount of the non-financial asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

Leases

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:

- the Bank has the right to operate the asset; or
- the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

The Bank primarily leases buildings for use as office spaces for its operations. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. On renewal of a lease, the terms may be renegotiated; lease terms range from 1 year to 15 years. The lease agreements do not impose any covenants; leased assets, however, may not be used as security for borrowing purposes. Contracts may contain both lease and non-lease components. The Bank has elected to separate lease and non-lease components and treat them accordingly.

Leases in which the Bank is a lessee

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. Where the lease does not transfer ownership of the underlying asset at the end of the lease, the right-of-use asset is depreciated over the shorter of the useful life of the underlying asset or the lease term on a straight-line basis.

Leases in which the Bank is a lessor

The Bank does not have any lease arrangements as a lessor or intermediate lessor.

Lease liabilities

At the commencement date of a lease, the Bank recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Bank under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Where the rate implicit in the lease is not readily determinable, the lease payments are discounted using the Bank's incremental borrowing rate, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

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The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

Right of use assets

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in all the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in its operations. Most of the extension options are subject to mutual agreement by the Bank and the lessors and some of the termination options held are exercisable only by the Bank.

Extension and termination options - Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Bank.

Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss.

Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. FirstBank UK liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated using the tax rates and laws that are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income, or equity, respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amount of cash with a maturity of three months or less from inception.

Offsetting

Financial assets and financial liabilities are offset with the net amount reported in the financial statement only if there is a current enforceable legal right to offset the recognised amounts and an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial liabilities and equity

FirstBank UK classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms.

An instrument is classified as equity if it evidences a residual interest in the assets of FirstBank UK after the deduction of liabilities.

The components of a compound financial instrument issued by FirstBank UK are classified and accounted for separately as financial liabilities or equity as appropriate.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Share premium is recognised on new issues of shares where the share issue price is higher than the nominal amount.

Deposits

Deposits (which include deposits from banks and deposits from customers) and subordinated liabilities are recognised initially at fair value, being their issue proceeds net of transaction costs incurred (if any). These instruments are subsequently stated at amortised cost using the effective interest method. The interest on the subordinated liabilities is recognised in the income statement as interest expense.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain

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for the year ended 31 December 2024

or cannot be reliably measured. Contingent liabilities comprise letters of credit (standby, irrevocable, etc) issued for trade related transactions and guarantees issued on behalf of a customer to underpin a future performance. Contingent liabilities are disclosed in the financial statements unless the crystallisation of a liability is remote.

Employee benefits

FirstBank UK operates a defined contribution pension scheme, and the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the amount of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Bank in respect of services provided by employees up to the reporting date.

3 Critical accounting judgements and estimates

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/ estimates involved:

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires significant judgement in the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of an economic response model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The determination of LGDs for certain Stage 3 exposures based upon management's assessment of the facts and circumstances of the exposures. By default, the PD is 100% for stage 3 loans.

Management has made estimations in relation to the following items in determining the ECL:

i. LGD of stage 3 accounts: The estimation of LGD for stage 3 loans requires significant judgement where the entity is in default. The LGD is estimated under three scenarios (best case, mid case, worst case) with probability weights assigned to each scenario based on recovery prospects. Changing the scenario for a key stage 3 account to a 100% worst case scenario (downside) results in a $12.8mn (2023: $5.7mn) increase in ECL while a 100% best case scenario (upside) yields $4.8mn (2023: $2.4mn) reduction in ECL.

ii. Probability weight of macroeconomic scenario: The Bank incorporates forward looking information and an allowance for changes in macro-economic conditions and forecasts through consideration of three discrete scenarios (Upturn, Base and Downturn). The main drivers contributing to the Bank's ECL calculation are crude oil prices (given the concentration of Nigerian exposures and the correlation of oil prices both to the level of non-performing loans of Nigerian banks and the global outlook. Other variables considered are interest rates, GDP (UK/World) and House Price Index (UK). The macro-economic variables applied for forward looking adjustments (FLA) is relative to the structure of the Bank's portfolio, risk drivers and correlation with defaults.

At 31 December 2024, the base case, upside and downside scenarios each carried a 33%:31%:36% weighting respectively. The choice of alternative scenarios and scenario weights is a combination of quantitative analysis and judgemental assessment to ensure that the full range of possible outcomes and material non-linearity of losses is captured. The redistribution of scenario weights results in changes to the ECL estimation in the portfolio, with 100% upside or 100% downside scenarios resulting in a $0.67mn (2023: $0.41mn) reduction and a $0.82mn (2023: $0.76mn) increase in ECL respectively.

Deferred tax asset

The recognition of a deferred tax asset is driven by the estimation of future profits against which the Bank's unrelieved tax losses can be offset in the future. There is significant management judgement in the determination of deferred tax that can be recognised based on the future profit as the Bank's future performance is subject to several factors that cannot be successfully modelled or measured.

Fair value of derivatives and other financial instruments

As described in Note 33, the Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

Notes to the Financial Statements

for the year ended 31 December 2024

4 Net interest income

4a Interest income:

	31 December 2024 $	31 December 2023 $
Loans and advances to banks measured at amortised cost	**90,437,274**	84,940,496
Loans and advances to customers measured at amortised cost	**50,315,127**	41,435,263
Debt instruments measured at amortised cost	**17,998,266**	27,131,046
Debt instruments measured at FVOCI	**25,809,455**	-
Total interest income calculated using effective interest income	**184,560,122**	153,506,805
Interest Income on financial assets at FVTPL	**2,696,498**	1,768,622
Interest income	**187,256,620**	155,275,427

4b Interest expense:

	31 December 2024 $	31 December 2023 $
Deposits from banks measured at amortised cost	**20,445,201**	20,094,538
Deposits from customers measured at amortised cost	**50,817,239**	33,977,553
Debt issued and other borrowed funds measured at amortised cost	**5,490,000**	5,475,000
Lease liabilities	**323,021**	349,058
Interest expense	**77,075,461**	59,896,149

5 Net fee and commission income

	31 December 2024 $	31 December 2023 $
Fee and commission income		
Credit related fees	**2,223,698**	741,214
Letters of credit	**5,266,370**	9,582,029
Funds transfer	**191,173**	180,367
Other	**839,820**	805,183
	8,521,061	11,308,793
Fee and commission expense		
Assets under management expense	**(276,072)**	(85,587)
	8,244,989	11,223,206

All fees are recognised at a point in time.

6 Foreign exchange losses

	31 December 2024 $	31 December 2023 $
Revaluation loss on foreign currency	**3,435,239**	5,819,509

7 Net gains on financial assets at FVTPL

	31 December 2024 $	31 December 2023 $
Trading income on debt securities	**3,440,484**	2,900,842
Revaluation gain on financial assets at FVTPL	**28,597**	235,432
	3,469,081	3,136,274

8 Other operating income

	31 December 2024 $	31 December 2023 $
VAT recoverable	**3,041,528**	3,198,255
Other income	**557,230**	2,133,544
	3,598,758	5,331,799

9 Personnel expenses

Information regarding Directors and employees

Personnel expenses include the following:

	Note	31 December 2024 $	31 December 2023 $
Wages and salaries		**28,798,785**	21,232,785
Social security costs		**2,435,263**	2,417,314
Other pension costs	28	**1,668,791**	1,263,309
		32,902,839	24,913,408

The Bank has a Long-Term Incentive Plan for certain categories of staff. The Plan is structured such that cash awards are made to eligible staff subject to strict rules, vesting period is three years from award date. The expected obligation in respect of the plan included in wages and salaries above is $733,071 (2023: $332,214).

Notes to the Financial Statements

for the year ended 31 December 2024

The average monthly number of employees including three Executive Directors (2023: three Executive Directors) was:

	31 December 2024 No.	31 December 2023 No.
Banking division	57	39
Operations	55	49
Administration	89	68
	201	156

The Directors' remuneration for the year was as follows:

	31 December 2024 $	31 December 2023 $
Emoluments	3,353,770	3,127,383
Contributions to defined contribution pension scheme	75,275	110,771
	3,429,045	3,238,154

The highest paid Director received emoluments, excluding pension contributions, totalling $835,121 (2023: $814,940) and pension contributions of $49,711 (2023: $45,533). Three Directors received pension benefits in the year (2023: Four). Long term incentive benefit accrued in respect of Executive Directors for the year was $194,775 (2023: $179,255).

10 Depreciation and amortisation

Depreciation and amortisation expenses include the following:

	Note	31 December 2024 $	31 December 2023 $
Depreciation of property, plant and equipment	19	1,305,257	1,553,258
Amortisation of intangible assets	20	710,483	834,713
		2,015,740	2,387,971

11 Other operating expenses

Other operating expenses include the following:

	31 December 2024 $	31 December 2023 $
Auditor's remuneration	783,573	561,147
Legal and consultancy fees	8,248,095	9,297,816
Repairs & maintenance	6,071,757	4,832,976
Insurance premium	956,253	782,625
Other administrative expenses	9,385,025	7,525,223
	25,444,703	22,999,787

Auditor's remuneration for the current year in respect of statutory audit is $651,912 (2023: $481,339), CASS audit fee is $19,174 (2023: $8,729) and other assurance services $112,487 (2023: $71,079) paid to Forvis Mazars (2023: MHA).

12 Credit impairment charge/(reversal)

	31 December 2024 $	31 December 2023 $
Cash and bank balances (refer to note 14)		
12- month ECL	**(887)**	(272)
	(887)	(272)
Loans and advances to banks (refer to note 15)		
12- month ECL	**(133,671)**	595,627
Lifetime ECL	**809,161**	-
	675,490	595,627
Loans and advances to customers (refer to note 16)		
12- month ECL	**474,867**	3,603,633
Lifetime ECL	**974,237**	6,865,506
	1,449,104	10,469,139
Net recoveries on loans previously written off	**(916,865)**	(5,113)
	532,239	10,464,026
Investment securities (refer to note 18)		
12- month ECL	**(18,785)**	80,014
Lifetime ECL	**(24,847)**	-
	(43,632)	80,014
Off balance sheet (refer to note 25)		
Reversal of impairment	**(293,621)**	(486,740)
	(293,621)	(486,740)
Net impairment charge	**869,589**	10,652,655

13 Income tax

Income tax charged in the statement of comprehensive income consisted of:

	31 December 2024 $	31 December 2023 $
Current taxation		
Current income tax charge	**6,539,490**	4,485,166
Adjustments in respect of income tax of previous periods	**1,690**	(64,719)
Total current tax	**6,541,180**	4,420,447
Deferred taxation		
Origination and reversal of timing differences	**8,751,710**	6,821,774
Adjustments in respect of previous year	**(5,353)**	(408)
Effects of changes in tax rates	**-**	(4,035)
Total deferred taxation	**8,746,357**	6,817,331
Income tax charge	**15,287,537**	11,237,778

Notes to the Financial Statements

for the year ended 31 December 2024

13 Income tax (continued)

The tax on profit for the year is the same (2023: higher) as the standard rate of corporation tax in the UK of 25% (2023 – 23.5%).

The differences are reconciled below:

	31 December 2024 $	31 December 2023 $
Profit before tax	**61,068,239**	47,553,062
Income tax at 25% (2023: 23.5%)	**15,267,060**	11,184,742
Adjustments in respect of prior years	**(3,663)**	(68,754)
Expenses not deductible for tax purposes net of reliefs	**15,102**	16,580
Tax rate changes	**-**	(408)
Foreign exchange and other impact	**9,038**	105,618
Total tax charge	**15,287,537**	11,237,778

Provision for income tax

	31 December 2024 $	31 December 2023 $
Provision for income tax at 1 January	**1,295,628**	2,494,062
Tax paid during the year (net of refund)	**(8,679,449)**	(5,819,386)
Current tax charge	**6,541,180**	4,420,447
Effect of changes in exchange rate	**(109,377)**	200,505
Provision for income tax at 31 December	**(952,018)**	1,295,628

Deferred tax assets:

	31 December 2024 $	31 December 2023 $
Provision at start of year	**25,818,620**	32,635,950
Adjustment in respect of prior years	**5,353**	4,035
Recognised in income statement	**(8,751,709)**	(6,821,365)
Recognised in other comprehensive income	**(22,911)**	-
Provision at end of period	**17,049,353**	25,818,620

Reconciliation of deferred tax liability and assets

	Fixed assets $	Temporary differences on IFRS9 $	Tax losses $	Provision $	Fair value reserve $	Total $
At 1 January 2023	(124,274)	5,395,579	25,533,792	1,830,853	-	32,635,950
Prior year adjustment	-	-	4,035	-		4,035
Credit/(charged) to income	174,832	(1,026,690)	(5,898,502)	(71,005)	-	(6,821,365)
At 31 December 2023	50,558	4,368,889	19,639,325	1,759,848	-	25,818,620
Prior year adjustment	**7,148**	**-**	**(1,795)**	**-**	**-**	**5,353**
Credit/(charged) to income	**23,150**	**(1,092,223)**	**(8,128,828)**	**446,192**	**-**	**(8,751,709)**
Charged to OCI	**-**	**-**	**-**	**-**	**(22,911)**	**(22,911)**
At 31 December 2024	**80,856**	**3,276,666**	**11,508,702**	**2,206,040**	**(22,911)**	**17,049,353**

At the balance sheet date, the Bank has unused tax losses of $46.03mn (2023: $78.56mn) available for offset against future profits. A deferred tax asset has been recognised in respect of $46.03mn (2023: $78.56mn) of such losses. The tax losses may be carried forward indefinitely. A deferred tax asset was recognised based on the profit forecast for the foreseeable future.

FirstBank UK Limited is a member of a multinational Group that falls within the Pillar Two global minimum tax rules which is applicable in the UK from 1 January 2024. The Bank is not subject to any top up taxes arising during the period due to application of the transitional safe harbour.

The Bank has applied the IAS 12 exception and has therefore not recognised or disclosed any deferred tax amount in respect of Pillar Two.

14 Cash and bank balances

	31 December 2024 $	31 December 2023 $
Cash	**34,329**	26,829
Current balances with other banks	**54,685,270**	38,204,896
	54,719,599	38,231,725
Less: 12-month ECL allowance	**(90)**	(977)
	54,719,509	38,230,748

Impairment allowance for cash and bank balances

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are provided in Note 31:

Notes to the Financial Statements

for the year ended 31 December 2024

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2024

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	**54,716,619**	**-**	**-**	**54,716,619**
Sub-investment grade	**2,980**	**-**	**-**	**2,980**
	54,719,599	**-**	**-**	**54,719,599**
Loss allowance	**(90)**	**-**	**-**	**(90)**
	54,719,509	**-**	**-**	**54,719,509**

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2023

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	36,517,318	-	-	36,517,318
Sub-investment grade	1,714,407	-	-	1,714,407
	38,231,725	-	-	38,231,725
Loss allowance	(977)	-	-	(977)
	38,230,748	-	-	38,230,748

Changes in expected credit impairment loss

An analysis of changes in the ECL allowance is, as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2024	**977**	**-**	**-**	**977**
Reversal of impairment	**(887)**	**-**	**-**	**(887)**
At 31 December 2024	**90**	**-**	**-**	**90**

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2023	1,249	-	-	1,249
Reversal of impairment	(272)	-	-	(272)
As at 31 December 2023	977	-	-	977

15 Loans and advances to banks

	31 December 2024 $	31 December 2023 $
Maturity		
Repayable on demand	**308,017,925**	457,499,025
3 months or less excluding repayable on demand	**377,775,114**	476,098,437
1 year or less but over 3 months	**269,664,198**	228,627,888
5 years or less but over 1 year	**49,824,595**	28,698,462
	1,005,281,832	1,190,923,812
Less: 12-month ECL allowance	**(5,386,468)**	(4,710,978)
	999,895,364	1,186,212,834

Total loans advanced to First Bank of Nigeria Limited at 31 December 2024 were $320,329,657 (2023: $388,617,830). Loans and advances to banks are measured at amortised cost. None of the loans and advances to banks were impaired (2023: $Nil) and $303,800,319 (2023: $314,830,330) was held as cash collateral against these loans.

Impairment allowance for loans and advances to banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are provided in Note 31:

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2024

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	**334,072,672**	**-**	**-**	**334,072,672**
Sub-investment grade	**623,810,940**	**47,398,220**	**-**	**671,209,160**
	957,883,612	**47,398,220**	**-**	**1,005,281,832**
Loss allowance	**(4,461,973)**	**(924,495)**	**-**	**(5,386,468)**
	953,421,639	**46,473,725**	**-**	**999,895,364**

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2023

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	457,879,026	-	-	457,879,026
Sub-investment grade	728,645,483	4,399,303	-	733,044,786
	1,186,524,509	4,399,303	-	1,190,923,812
Loss allowance	(4,595,644)	(115,334)	-	(4,710,978)
	1,181,928,865	4,283,969	-	1,186,212,834

Notes to the Financial Statements

for the year ended 31 December 2024

15 Loans and advances to banks (continued)

Changes in expected credit impairment loss

An analysis of changes in ECL allowance is, as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2024	**4,595,644**	**115,334**	**-**	**4,710,978**
Charge to income statement	**(133,671)**	**809,161**	**-**	**675,490**
At 31 December 2024	**4,461,973**	**924,495**	**-**	**5,386,468**

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2023	4,115,351	-	-	4,115,351
Charge to income statement	480,293	115,334	-	595,627
At 31 December 2023	4,595,644	115,334	-	4,710,978

16 Loans and advances to customers

	31 December 2024 $	31 December 2023 $
Corporate	**466,491,279**	388,891,990
Individual	**150,097,517**	153,751,098
	616,588,796	542,643,088
Less:		
12-month ECL allowance	**(7,004,365)**	(6,620,632)
Lifetime ECL allowance	**(8,405,973)**	(7,413,875)
	601,178,458	528,608,581
Maturity		
3 months or less	**135,585,650**	152,000,586
1 year or less but over 3 months	**133,351,855**	80,894,386
5 years or less but over 1 year	**174,847,066**	82,992,557
Over 5 years	**145,006,884**	204,110,671
Non-performing accounts	**27,797,341**	22,644,888
	616,588,796	542,643,088

16 Loans and advances to customers (continued)

As at 31 December 2024, FirstBank UK had advanced $289 as overdrafts (2023: $15,794) and $616,570,219 in fixed term loans (2023: $542,613,756) to customers. $18,288 was granted as staff loans (2023: $13,538). Loans and advances to customers are measured at amortised cost. In the circumstances where a mortgage customer is unable to make payments due on financial assets, for example due to a deterioration in the changing economic environment, FirstBank UK will show forbearance and work with its customer to ensure an equitable renegotiation of the terms attached to the financial asset.

Impairment allowance for Loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are provided in Note 31:

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2024

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	**50,159,202**	**-**	**-**	**50,159,202**
Sub-investment grade	**536,119,947**	**2,512,306**	**-**	**538,632,253**
Default	**-**	**-**	**27,797,341**	**27,797,341**
	586,279,149	**2,512,306**	**27,797,341**	**616,588,796**
Loss allowance	**(7,004,365)**	**(76,995)**	**(8,328,978)**	**(15,410,338)**
	579,274,784	**2,435,311**	**19,468,363**	**601,178,458**

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2023

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	20,099,038	-	-	20,099,038
Sub-investment grade	498,067,031	1,832,131	-	499,899,162
Default	-	-	22,644,888	22,644,888
	518,166,069	1,832,131	22,644,888	542,643,088
Loss allowance	(6,620,632)	(62,945)	(7,350,930)	(14,034,507)
	511,545,437	1,769,186	15,293,958	528,608,581

Notes to the Financial Statements

for the year ended 31 December 2024

16 Loans and advances to customers (continued)

Changes in expected credit impairment loss

An analysis of changes in ECL allowance is, as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2024	**6,620,632**	**62,945**	**7,350,930**	**14,034,507**
Transfer between stages	**(17,862)**	**(9,916)**	**27,778**	**-**
Charge/(credit) to income statement	**474,867**	**23,966**	**950,270**	**1,449,103**
Other changes	**(73,272)**	**-**	**-**	**(73,272)**
At 31 December 2024	**7,004,365**	**76,995**	**8,328,978**	**15,410,338**

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2023	2,998,779	26,901	539,688	3,565,368
Transfer between stages	18,220	75,185	(93,405)	-
Charge/(credit) to income statement	3,603,633	(39,141)	6,904,647	10,469,139
At 31 December 2023	6,620,632	62,945	7,350,930	14,034,507

17 Financial assets and liabilities at fair value through profit and loss

	31 December 2024 $	31 December 2023 $
Debt securities		
Bonds held for trading	**32,612,751**	12,076,951
Derivative assets	**1,203,744**	24,961,125
Total assets held at fair value through profit and loss	**33,816,495**	37,038,076

The maximum exposure to credit risk is $33.8mn (2023: $37.0mn).

17 Financial assets and liabilities at fair value through profit and loss (continued)

	31 December 2024			31 December 2023		
	Notional contract amount $	Fair Value Asset $	Fair Value Liability $	Notional contract amount $	Fair Value Asset $	Fair Value Liability $
Forward FX contract	457,641,390	1,203,744	3,007,304	646,608,963	24,961,125	16,659,543
	457,641,390	1,203,744	3,007,304	646,608,963	24,961,125	16,659,543
Current	457,641,390	1,203,744	3,007,304	646,608,963	24,961,125	16,659,543
Non-Current	-	-	-	-	-	-
	457,641,390	1,203,744	3,007,304	646,608,963	24,961,125	16,659,543

Derivative financial instruments consist of FX forward (delivery and non-delivery) contracts. Forward FX contracts are held for day-to-day cash management rather than for trading purposes and are held at fair value. The movement in fair value is as a result of changes in the exchange rates of the currency.

18 Investment securities

	31 December 2024 $	31 December 2023 $
Investment securities at amortised cost (note 18a)	488,451,516	634,655,385
Investment securities at FVOCI (note 18b)	967,977,500	-
	1,456,429,016	634,655,385

18a Investment securities at amortised cost

	31 December 2024 $	31 December 2023 $
Debt securities at amortised cost		
Treasury bills	-	150,267,698
Bonds	492,336,202	489,528,232
	492,336,202	639,795,930
ECL on financial investments at amortised cost	(3,884,686)	(5,140,545)
	488,451,516	634,655,385
Maturity		
Less than three months	95,466,102	219,761,852
1 year or less but over 3 months	199,544,500	231,663,318
Between one year and five years	192,015,975	182,915,884
More than five years	5,309,625	5,454,876
	492,336,202	639,795,930

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FirstBank UK assesses its debt securities in the 'hold to collect' portfolio at each balance sheet date for objective evidence that the portfolio or a specific debt security is impaired. There is no purchased credit-impaired asset within financial investments carried at amortised cost.

Impairment allowance for financial investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification of its financial investments carried at amortised cost. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are provided in Note 31:

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2024

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	428,410,780	-	-	428,410,780
Sub-investment grade	56,016,818	5,133,594	-	61,150,412
Default	-		2,775,011	2,775,011
Gross carrying amount	484,427,598	5,133,594	2,775,011	492,336,203
Loss allowance	(2,132,694)	(459,947)	(1,292,045)	(3,884,686)
Carrying amount	482,294,904	4,673,647	1,482,966	488,451,517

Impairment allowance – credit quality and maximum exposure to risk as at 31 December 2023

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Investment grade	575,282,296	-	-	575,282,296
Sub-investment grade	60,531,634	-	-	60,531,634
Default	-		3,982,000	3,982,000
Gross carrying amount	635,813,930	-	3,982,000	639,795,930
Loss allowance	(2,154,045)	-	(2,986,500)	(5,140,545)
Carrying amount	633,659,885	-	995,500	634,655,385

Changes in expected credit impairment loss

An analysis of changes in the ECL allowance is, as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2024	2,154,045	-	2,986,500	5,140,545
Charge to income statement	(21,351)	459,947	(484,794)	(46,198)
Other movement	-	-	(1,209,661)	(1,209,661)
At 31 December 2024	2,132,694	459,947	1,292,045	3,884,686

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2023	2,074,031	-	2,986,500	5,060,531
Charge to income statement	80,014	-	-	80,014
At 31 December 2023	2,154,045	-	2,986,500	5,140,545

18b Investment securities at fair value through other comprehensive income

	31 December 2024 $	31 December 2023 $
Debt securities at FVOCI		
Treasury bills	967,977,500	-
	967,977,500	-

Changes in expected credit impairment loss

An analysis of changes in the ECL allowance is, as follows:

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
As at 1 January 2024	-	-	-	-
Charge to income statement	2,566	-	-	2,566
At 31 December 2024	2,566	-	-	2,566

Notes to the Financial Statements

for the year ended 31 December 2024

19 Property and equipment

	Computer hardware $	Leasehold improvements $	Furniture and equipment $	Motor vehicles $	Right of use assets $	Total $
Cost						
At 1 January 2023	1,267,543	4,684,751	648,721	100,253	11,613,823	18,315,091
Additions	15,692	-	-	138,067	32,348	186,107
Disposal	-	-	-	(44,668)	-	(44,668)
Write off*	(900,321)	(25,872)	(550,485)	(55,585)	-	(1,532,263)
At 31 December 2023	382,914	4,658,879	98,236	138,067	11,646,171	16,924,267
Additions	-	-	123,689	-	-	123,689
At 31 December 2024	**382,914**	**4,658,879**	**221,925**	**138,067**	**11,646,171**	**17,047,956**
Depreciation						
At 1 January 2023	1,203,468	3,484,770	615,503	100,253	3,806,205	9,210,199
Charge for the year	62,495	465,279	15,089	34,517	975,878	1,553,258
Disposal	-	-	-	(44,668)	-	(44,668)
Write off*	(900,321)	(25,872)	(550,485)	(55,585)	-	(1,532,263)
At 31 December 2023	365,642	3,924,177	80,107	34,517	4,782,083	9,186,526
Charge for the year	10,205	264,507	16,720	34,517	979,308	1,305,257
At 31 December 2024	**375,847**	**4,188,684**	**96,827**	**69,034**	**5,761,391**	**10,491,783**
Carrying amount						
At 31 December 2024	**7,067**	**470,195**	**125,098**	**69,033**	**5,884,780**	**6,556,173**
At 31 December 2023	17,272	734,702	18,129	103,550	6,864,088	7,737,741

*This relates to write-off of items of property and equipment that have been fully depreciated as of 3 January 2023.

20 Intangible assets

	Computer software $
Cost	
At 1 January 2023	8,170,650
Additions	175,283
Write off*	(3,830,063)
At 31 December 2023	4,515,870
Additions	5,653
At 31 December 2024	4,521,523
Amortisation	
At 1 January 2023	6,389,670
Amortisation charge	834,713
Write off*	(3,830,063)
At 31 December 2023	3,394,320
Amortisation charge	710,483
At 31 December 2024	4,104,803
Carrying amount	
At 31 December 2024	416,719
At 31 December 2023	1,121,550

*This relates to write-off of items of intangible assets that have been fully amortised as of 3 January 2023.

21 Other assets

	31 December 2024 $	31 December 2023 $
Accounts receivable	1,360,546	1,793,662
Prepayments	1,949,554	1,486,850
	3,310,100	3,280,512

22 Deposits from banks

	31 December 2024 $	31 December 2023 $
Repayable on demand	1,050,258,889	197,565,527
With agreed maturity dates or periods of notice by remaining maturity:		
Three months or less but not repayable on demand	300,673,233	416,361,827
One year or less, but over three months	167,501,465	100,043,140
	1,518,433,587	713,970,494

Total deposits due to First Bank of Nigeria Limited as at 31 December 2024 was $319,745,464 (2023: $366,099,251).

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23 Deposits from customers

	31 December 2024 $	31 December 2023 $
Repayable on demand	**162,246,890**	197,018,055
With agreed maturity dates or periods of notice by remaining maturity:		
Three months or less but not repayable on demand	**498,431,181**	324,963,811
One year or less, but over three months	**240,094,894**	347,953,850
More than one year but less than five years	**159,362,184**	379,508,615
	1,060,135,149	1,249,444,331

24 Subordinated liabilities

	31 December 2024 $	31 December 2023 $
Principal	**60,000,000**	60,000,000
Accrued interest	**240,000**	255,000
	60,240,000	60,255,000

Subordinated liabilities representing USD 60mn Tier 2 capital due to the parent company, First Bank of Nigeria Limited. The loan is repayable on 20 March 2029 at an interest rate of 9.00% (2023: 9.00%).

25 Other liabilities

	31 December 2024 $	31 December 2023 $
Financial liabilities		
Collateral for letters of credit (see note(i) below)	**129,688,398**	61,241,383
Customers unclaimed balances	**445,363**	449,200
Other payables	**11,439,157**	13,966,830
Long term incentive plan	**1,487,914**	780,461
Lease liabilities (see note ii, below)	**6,966,381**	7,717,038
	150,027,213	84,154,912
Non-financial liabilities		
ECL allowance for lending commitments (see note(iii) below)	**176,470**	470,091
	150,203,683	84,625,003

(i) The collateral balance relates to security taken in respect of various outstanding contingent liability transactions.

25 Other liabilities (continued)

(ii) Lease liabilities

	31 December 2024 $	31 December 2023 $
Opening balance as at 1 January	**7,717,038**	8,168,299
Interest expense	**323,021**	349,058
Exchange rate differences	**(142,505)**	453,084
Payments made during the year	**(931,173)**	(1,253,403)
	6,966,381	7,717,038
Current lease liabilities	**773,469**	895,972
Non-current lease liabilities	**6,192,912**	6,821,066
	6,966,381	7,717,038

Maturity analysis of lease liabilities as at 31 December 2024 is:

	0-90 days $	91 – 180 days $	181 – 365 days $	1 year - 5 years $	Over 5 years $	Total $
Lease liabilities	**536,512**	**230,812**	**230,812**	**3,692,985**	**2,275,260**	**6,966,381**

Maturity analysis of lease liabilities as at 31 December 2023 is:

	0-90 days $	91 – 180 days $	181 – 365 days $	1 year - 5 years $	Over 5 years $	Total $
Lease liabilities	229,536	220,878	445,558	895,972	5,925,094	7,717,038

There were no lease extension or termination option applied to these lease liabilities. The critical judgement factor in measurement of these lease liabilities was the incremental borrowing rate set at 4.3%.

(iii) ECL allowance for lending commitments

To meet the financial needs of customers, the Bank enters various irrevocable commitments and contingent liabilities transactions with its customers. These consist of undrawn loan commitments, letters of credit and guarantees. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank. Letters of credit (including standby letters of credit) and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods or performance of an activity.

The balance is the ECL allowance recognised on the outstanding letters of credit and guarantees as at 31 December 2024; see Note 29 for the nominal value of the outstanding obligations.

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Changes in ECL allowance for lending commitments

	31 December 2024 $	31 December 2023 $
Opening balance as at 1 January	**470,091**	853,893
Credit to income statement	**(293,621)**	(486,740)
Effect of changes in exchange rate	**-**	102,938
Closing balance as at 31 December	**176,470**	470,091

26 Share capital

	31 December 2024		31 December 2023	
	No. of shares	$	No. of shares	$
Issued, allotted and fully paid				
Ordinary shares of $1.21 each	**200,000,000**	**242,000,000**	200,000,000	242,000,000

First Bank of Nigeria Limited holds 182,000,000 (2023: 182,000,000) or 91% (2023: 91%) of the ordinary shares issued, the remaining issued shares are held by ARC Fin LP.

The Bank changed its functional currency in 2023. This involved a redenomination of its share capital from Sterling to US Dollars on 03 January 2023. The Bank's share capital of 200,000,000 with nominal share value of £1 was redenominated to a nominal share value of $1.21.

The holders of ordinary shares are entitled to one vote per share at the Bank's meetings.

27 Reserves

Share premium

The share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Retained earnings/(Accumulated losses)

The balance in the retained earnings account represents the total profit and loss reserves of the Bank.

Translation reserve

The balance in translation reserve arose as a result of change in the Bank's functional currency.

Fair value reserve

The fair value reserve shows the effects from the fair value measurement of financial instruments elected to be presented in other comprehensive income on initial recognition.

28 Pension and other schemes

FirstBank UK operates a defined contribution pension scheme for staff and contributions were made during the year totalling $1,668,791 (2023: $1,263,309). There were no outstanding or prepaid contributions at the reporting date (2023: nil).

29 Contingent liabilities and commitments

Off balance sheet liabilities

	31 December 2024 $	31 December 2023 $
Letters of credit	**97,475,950**	64,392,132
Undrawn irrevocable loan commitments	**4,450,086**	23,055,833
	101,926,036	87,447,965

Uncertainty exists with respect to the timing of when these obligations may crystallise. The Bank's letters of credit and loan commitments are rated as non-investment grade.

Notes to the Financial Statements

for the year ended 31 December 2024

30 Related party transactions

A number of banking transactions were entered into with related parties in the normal course of business. These include loans and deposits, asset sale and purchase, and foreign currency transactions. Outstanding balances at the end of the year and related income and expenses for the year are as follows:

	31 December 2024 $	31 December 2023 $
Assets		
Cash at bank from parent bank	**2,936**	2,220
Loans due from parent bank	**319,077,684**	388,617,830
Loans due from fellow subsidiaries	**15,148**	155,050
	319,095,768	388,775,100
Income		
From parent bank	**28,882,325**	32,562,041
From fellow subsidiaries	**70,755**	10,554
	28,953,080	32,572,595
Letters of credit and guarantees issued/received		
Guarantee received from parent bank	**77,000,000**	77,000,000
Letters of credit issued to parent bank	**16,016,288**	14,318,677
Letters of credit issued to group subsidiaries	**1,016,050**	7,634,050
	94,032,338	98,952,727
Liabilities		
Amounts due to parent bank	**319,544,709**	366,099,251
Subordinated liabilities	**60,240,000**	60,255,000
Amount due to fellow subsidiaries	**25,926,566**	38,573,037
	405,711,275	464,927,288
Expenses		
To parent bank	**16,396,571**	6,922,070
To fellow subsidiaries	**974,341**	-
	17,370,912	6,922,070

These transactions were entered under normal banking terms and are settled on cash basis. There were no doubtful debts due from a related entity. FirstBank UK retains the right to set-off credit advanced against deposits held.

Loans were approved and advanced on a commercial arm's length basis to six (2023: five) senior management members of First Bank of Nigeria Limited during the year. As at 31 December 2024, a total loan amount of $2,121,700 (2023: $4,412,049) was outstanding in respect of these senior management members of First Bank of Nigeria Limited which included a Non-Executive Director of FirstBank UK.

Deposit liabilities totalling $2,147,552 (2023: $2,819,328) were held by the FirstBank UK in respect of these senior management members including a Non-Executive Director of FirstBank UK.

No loans were advanced to key management personnel of FirstBank UK during 2024 (2023: nil). Key management personnel include Executive Directors, compensation paid to key management personnel are disclosed in Note 10.

There were no other related party transactions or balances requiring disclosure.

31 Financial risk management

Derivatives and other financial instruments

FirstBank UK's financial instruments, other than derivatives and bonds, principally comprise loans and deposits that arise from its operations as a lending and deposit-taking institution.

The Bank transacts derivative products (all forward foreign currency contracts). The purpose of the transactions is to manage the currency risks arising from the Bank's operations. The Bank invests in bond instruments. The purpose of the transactions is to improve profitability and to better manage the Bank's liquidity. FirstBank UK holds and issues financial instruments for three main purposes:

- to earn an interest margin or a fee;
- to finance its operations; and
- to manage the interest rate and currency risks arising from its operations and from its sources of finance.

FirstBank UK has a small trading book operated within the banking book. The Bank finances its operations by a mixture of shareholders' funds and customer and bank deposits. The deposits raised may be in a range of currencies at variable or fixed rates of interest. FirstBank UK's lending is mainly in US dollars, GB pound sterling and Euro. The Bank deals in spot and forward foreign exchange transactions.

The main risks arising from FirstBank UK's financial instruments are credit risk, market risk and liquidity risk. Market risk includes interest rate risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks and they are summarised below. These policies were reviewed within the period being reported.

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its loan repayments or contractual obligations. It arises principally from lending, trade finance and treasury activities. Internal controls are in place within FirstBank UK's Credit function which are designed to ensure that loans are made in accordance with the Bank's credit policy and that once made, such facilities are monitored on a regular basis as appropriate.

Moreover, significant changes in the economy, or state of a particular industry could result in risks that are different from those provided for at the balance sheet date. To manage these risks, appropriate credit facility structures are applied, and management has established limits in relation to individual borrowers or group of borrowers.

Risk appetite and credit risk management

The risk appetite is an expression of the level and type of risk FirstBank UK is willing and able to accept in pursuit of its strategic objectives expressed in a business plan. The Risk Appetite Statement (RAS) forms the basis for establishing the risk boundaries within which the Bank must operate. The Bank regularly conducts stress tests and monitors key performance indicators (KPI) to ensure that it operates within Board approved thresholds, and where needed adjust limits in response to changes in the business and/or macroeconomic conditions. Results of the stress scenarios which includes ECL sensitivity are applied to ensure adequate capital and liquidity to support the Bank's strategy and business plan. ECL Sensitivity assumptions and outputs are incorporated into the internal capital assessment process (ICAAP) and business planning.

Management of Credit Risk

Credit risk is the single largest risk for FirstBank UK's business and therefore importance is placed on effective management of this risk. It is created when the Bank commits to, or enters into, an agreement with an obligor or counterparty.

The Credit Risk Policy is the primary reference document for identifying, measuring, approving and reporting credit risk and adopted in conjunction with the impairment policy and other risk related policies. The Policy is designed to:

- Provide a comprehensive guide and framework in creating and managing risk assets.
- Ensure prompt identification of problem credits and prudent management of decline in credit quality.

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- Outline the requirements for administration and reporting of individual exposures and the overall risk asset portfolio.

Risk limit control and mitigation policies

The Bank manages concentrations of credit risk in particular to individual counterparties and groups, industries and countries. Such risks are monitored on a regular basis and subject to an annual or more frequent reviews where required. Limits on the level of credit risk by product, country industry/sector, obligor or group of related parties are set by the Board of Directors on the recommendation of the Chief Risk Officer. Concentration metrics (single obligor, country, and sector) are calibrated to express the maximum risk appetite as timing of exposure will vary.

However, the measurement of concentration metrics will operate within the defined risk appetite metrics for capital and liquidity with any exposure initiation subject to compliance with capital and liquidity risk appetite ratios.

Credit risk measurement

In measuring credit risk of financial assets, the Bank reflects the following components:

- The character and capacity to pay of the client or counterparty to meet its contractual obligations;
- Current exposures to the counterparty and its likely future performance;
- Credit history of the counterparty; and
- The likely recovery in case of default obligations – value of collateral and other ways out.

Obligor Risk Rating

The Bank has a robust internal rating system it leverages on to determine credit worthiness of its borrowers and likelihood of default. The rating scale shown below reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

The obligor risk rating grids is based on a 21-master rating scale mapped into nine buckets to provide a pre-set objective basis for making credit decisions and estimating expected credit loss (ECL) in line with IFRS 9 requirements. The rating adopted depends on outcome of quantitative and qualitative factors considered on the customer and reflects the inherent risks associated with each customer.

The rating tools are reviewed and upgraded when necessary. The Bank regularly validates the performance of the rating tools and their predictive powers regarding default events.

Each risk bucket may be denoted alphabetically and by range of scores as follows:

Scale Rating	Rating	Bucket	Description
			Investment Grade
1	Aaa	Aaa	Highest quality, with minimal credit risk
2	Aa1	Aa	High quality, subject to very low credit risk
3	Aa2		
4	Aa3		
5	A1	A	Considered upper-medium grade and are subject to low credit risk
6	A2		
7	A3		
8	Baa1	Baa	Considered medium-grade and may possess certain speculative characteristics
9	Baa2		
10	Baa3		
			Non- Investment Grade
11	Ba1	Ba	Considered to have speculative elements and are subject to substantial credit risk
12	Ba2		
13	Ba3		
14	B1	B	Considered speculative and are subject to high credit risk
15	B2		
16	B3		
17	Caa1	Caa	Considered to be of poor standing and are subject to very high credit risk
18	Caa2		
19	Caa3		
20	Ca	Ca	In or near default, with possibility of recovery
21	C	C	In default with little chance of recovery

Determination of ECL – Forecast of future economic conditions

Selection of macro-economic variables (MEVs) applied for forward looking adjustments (FLA) is relative to the structure of the Bank's portfolio, risk drivers and correlation with defaults.

The Bank's portfolio is segmented into four segments for IFRS 9 modelling purposes. The segmentation is based on FirstBank UK's current exposure structure and portfolio characteristics. The four segments are:

- Wholesale (Corporate and FI exposures)
- Mortgages
- Treasury (Investments in AAA rated treasury bills and bonds, placements, nostro)

Notes to the Financial Statements

for the year ended 31 December 2024

- Other Retail (Non-material)

For the wholesale segment, average non performing loan rates of the Nigerian Banking industry are adopted as default proxy, as the Bank's wholesale portfolio is closely linked to Nigeria and other African markets, while for the mortgage portfolio, the UK mortgage industry arrear rates from Bank of England is used as default proxy. The time series for the proxies (the dependent variable) are regressed against the macro-economic variables (independent variables) to establish correlations to evaluate the strength of relationship between them. The correlation analysis was supplemented with judgement to shortlist suitable variables for the model development. The proxies are representative of the portfolio until sufficient internal default data becomes available.

For the wholesale and mortgage portfolio, a test of statistical significance was carried out using single and multiple factor analysis. For the single factor analysis, the default rates were regressed individually against each variable after applying the appropriate transformations to the macro-economic variables. The shortlisted variables from the single factor analysis were then run in two and three variable regression models. Out of multiple combinations, two models (challenger and champion model) with three variables each were selected based on statistical testing and judgement. For the mortgage portfolio a two-factor model was adopted. The performance of champion and challenger models are compared, with both passing all the statistical tests and those variables which are more intuitive predictors for the Bank's portfolio are selected for the wholesale and mortgage portfolios.

Determination of ECL – Economic assumptions

As at 31 December 2024, the Bank incorporated the impact of changing macroeconomic scenarios on ECL computation through consideration of three discrete scenarios (Upturn, Base and Downturn) with probability weights assigned to these three scenarios. The probability weights were updated to 33%, 31% and 36% for base, upturn and downturn respectively from the prior 34:32:34. The rationale provides the basis for estimating the scenario weights for the macroeconomic variables (MEVs) which impact on the Bank's portfolio. The MEVs applied to the portfolio are interest rate, Oil Price, and GDP (world) for the corporate portfolio and UK HPI and UK GDP for the mortgage portfolio. The determination of the updated weights is based on a quantitative analysis which uses a robust sample size (20 years) that covers the varying cycles experienced by the economy and businesses. It involves computing the confidence interval (CI) at a 99% confidence level, the critical value at a two-tailed Z test is used. This is used to estimate the ideal range of estimate for the mean of the variables based on the samples. This range is taken as the base case of the variable.

The MEV samples in the population are based on actuals over a 20-year timeframe and sourced from Moody's data buffet using December of each year as cut off. The MEV (actuals) for each variable is allocated to each scenario bucket based on the Confidence Interval (lower bound, upper bound). Any sample that falls above the upper bound is considered an upside scenario, while any sample that falls below the lower bound is classed as a downturn scenario, while the baseline is neither.

A probability estimate is used to determine the likelihood of each scenario in the sample data for each MEV. The probability of a scenario is defined as the number of samples in that scenario divided by the total number of samples. The scenario weight is then determined using an average of the probability derived for the scenario across all the variables.

FirstBank UK's credit policy documents and risk appetite statement include details on lending authorities, large exposures, concentration risk, transactions with parent and affiliates, country risk exposure, industry lending, use of external credit assessments, credit risk collateral and provisioning.

31 Financial risk management (continued)

The table below shows the Bank's financial assets and the Bank's exposure to credit risk based on the earlier of the next interest rate re-pricing or residual maturity date.

As at 31 December 2024	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Assets						
Cash and bank balances	**54,720**	**-**	**-**	**-**	**-**	**54,720**
Loans and advances to banks	**680,406**	**228,443**	**41,221**	**49,825**	**-**	**999,895**
Loans and advances to customers	**120,070**	**78,278**	**55,701**	**202,122**	**145,007**	**601,178**
Investment securities	**837,356**	**295,251**	**126,496**	**192,016**	**5,310**	**1,456,429**
Financial assets held at fair value through profit and loss	**193**	**-**	**7,760**	**16,991**	**8,872**	**33,816**
Other assets	**-**	**1,361**	**-**	**-**	**-**	**1,361**
Total	**1,692,745**	**603,333**	**231,178**	**460,954**	**159,189**	**3,147,399**

As at 31 December 2023	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Assets						
Cash and bank balances	38,231	-	-	-	-	38,231
Loans and advances to banks	928,887	228,628	-	28,698	-	1,186,213
Loans and advances to customers	135,921	57,458	23,437	106,662	205,131	528,609
Investment securities	214,621	103,692	127,971	182,916	5,455	634,655
Financial assets held at fair value through profit and loss	24,961	2,889	-	6,539	2,649	37,038
Other assets	-	1,794	-	-	-	1,794
Total	1,342,621	394,461	151,408	324,815	213,235	2,426,540

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31 Financial risk management (continued)

Age analysis of past due but not impaired assets

The table below shows the age analysis of past due but not impaired risk assets. FirstBank UK held collateral against these assets:

	31 December 2024			31 December 2023		
	Gross amount $'000	Collateral $'000	Amount $'000	Gross amount $'000	Collateral $'000	Amount $'000
Past due up to 30 days	**1,839**	**4,553**	**(2,714)**	120	688	(568)
Past due by 30 - 60 days	**72**	**981**	**(909)**	1,712	7,481	(5,769)
Past due 60-90 days	**601**	**1,176**	**(575)**	-	-	-
Above 90 days	**-**	**-**	**-**	-	-	-
	2,512	**6,710**	**(4,198)**	1,832	8,169	(6,337)

Analysis of impaired financial assets

	31 December 2024			
	Gross amount $'000	12-month ECL $'000	ECL $'000	Amount $'000
Loans and advances to customers (note 16)	**27,797**	**-**	**(8,329)**	**19,468**
Financial investments carried at amortised cost (note 18)	**2,775**	**-**	**(1,292)**	**1,483**
	30,572	**-**	**(9,621)**	**20,951**

	31 December 2023			
	Gross amount $'000	12-month ECL $'000	ECL $'000	Amount $'000
Loans and advances to customers (note 16)	22,645	-	(7,351)	15,294
Financial investments carried at amortised cost (note 18)	3,982	-	(2,987)	995
	26,627	-	(10,338)	16,289

Modification of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved

after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months. The gross carrying amount of such assets held as at 31 December 2024 was nil (2023: Nil).

There are no financial assets with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities.

The tables below show the Bank's credit exposure at carrying amounts as categorised by industry sectors and geographical region in which the Bank's customers conduct their business.

Credit exposure by sector

31 December 2024	Banks $'000	Corporates $'000	Government $'000	Individual $'000	Total $'000
Cash and bank balances	54,720	-	-	-	54,720
Loans and advances to banks	999,895	-	-	-	999,895
Financial assets at FVTPL	26,429	2,035	5,352	-	33,816
Investment securities	474,285	4,981	977,163	-	1,456,429
Loans and advances to customers	-	399,172	51,909	150,097	601,178
	1,555,329	406,188	1,034,424	150,097	3,146,038

Credit risk exposure relating to off balance sheet items are as follows:

Undrawn loan commitments	1,682	2,768	-	-	4,450
Letters of credit	78,831	18,645	-	-	97,476
	80,513	21,413	-	-	101,926

31 December 2023	Banks $'000	Corporates $'000	Government $'000	Individual $'000	Total $'000
Cash and bank balances	38,231	-	-	-	38,231
Loans and advances to banks	1,186,213	-	-	-	1,186,213
Financial assets at FVTPL	34,049	1,068	1,921	-	37,038
Investment securities	486,178	1,810	146,667	-	634,655
Loans and advances to customers	-	374,230	-	154,379	528,609
	1,744,671	377,108	148,588	154,379	2,424,746

Credit risk exposure relating to off balance sheet items are as follows:

Undrawn loan commitments	9,607	13,449	-	-	23,056
Letters of credit	57,222	7,170	-	-	64,392
	66,829	20,619	-	-	87,448

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31 Financial risk management (continued)

Credit exposure by geography

31 December 2024	Western Europe $'000	Africa $'000	North America $'000	Others $'000	Total $'000
Cash and bank balances	51,734	3	1,893	1,090	54,720
Loans and advances to banks	313,848	685,733	314	-	999,895
Financial assets at FVTPL	192	33,624	-	-	33,816
Investment securities	155,100	148,045	1,054,202	99,082	1,456,429
Loans and advances to customers	19,947	485,968	34	95,229	601,178
	540,821	1,353,373	1,056,443	195,401	3,146,038

Credit risk exposure relating to off balance sheet items are as follows:

Undrawn loan commitments	1,682	-	2,768	-	4,450
Letters of credit	18,645	78,831	-	-	97,476
	20,327	78,831	2,768	-	101,926

31 December 2023	Western Europe $'000	Africa $'000	North America $'000	Others $'000	Total $'000
Cash and bank balances	10,190	1,715	24,399	1,927	38,231
Loans and advances to banks	453,168	733,045	-	-	1,186,213
Financial assets at FVTPL	24,961	12,077	-	-	37,038
Investment securities	241,209	62,007	182,821	148,618	634,655
Loans and advances to customers	9,860	435,481	77	83,191	528,609
	739,388	1,244,325	207,297	233,736	2,424,746

Credit risk exposure relating to off balance sheet items are as follows:

Undrawn loan commitments	9,607	6,824	6,625	-	23,056
Letters of credit	7,170	57,222	-	-	64,392
	16,777	64,046	6,625	-	87,448

FirstBank UK extends credit facilities to quality rated and unrated counterparties. All rated counterparties must have acceptable Moody's (or equivalent) ratings. A sizeable percentage, 57% (2023: 64%) of FirstBank UK's total financial assets was to high quality financial institutions, the majority of which had ratings of between A and AAA.

As at 31 December 2024, FirstBank UK's maximum exposure to credit risk was $3,249mn (2023: $2,486mn), of which $27mn (2023: $26mn) was deemed to be impaired or doubtful. These amounts include all financial assets and undrawn irrevocable loan and trade commitments.

Total trade related exposure was $119mn (2023: $65mn) against which the Bank held cash collateral of $130mn (2023: $61mn). In addition, FirstBank UK had collateral of $409mn (2023: $835mn) in respect of other credit exposures.

Generally, FirstBank UK reduces its credit risk exposure by entering collateral arrangements with certain counterparties with whom it undertakes a significant volume of transactions including its parent, FirstBank. Under the terms of the collateral agreements, cash deposits are charged to the Bank as collateral for counterparty exposures. These arrangements do not result in an offset of balance sheet assets and liabilities. However, for regulatory reporting purposes the risk weighted assets are reduced by the amount of collateral held.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. FirstBank UK's market risk is primarily to foreign currency risk and interest rate risk. The objective of market risk management is to maintain market risk exposures within acceptable parameters, whilst optimising the return on risk.

Interest Rate Risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. Interest rate risk originating from banking activities arises due to FirstBank UK holding a combination of fixed and variable rate assets and liabilities that arise during the normal course of business.

The tables below summarise the variable rate assets and liabilities as at 31 December 2024 as a basis of disclosing the Bank's interest rate sensitivity analysis.

Interest rate sensitivity analysis

FirstBank UK holds a combination of fixed and variable rate assets and liabilities. As a consequence of holding variable rate financial instruments, the Bank is exposed to cash flow interest rate risk.

Interest rate sensitivity analysis has been performed on the net cash flow interest rate risk exposures as at the reporting dates. A range of possible upward/downward movements in SOFR/Euribor of 100 to 150bps has been assumed for the different currencies based on our expectation of future price movements.

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31 Financial risk management (continued)

If all other variables are held constant, the tables below present the likely impact on the Bank's profit or loss.

As at 31 December 2024	GBP $'000	USD $'000	EUR $'000	Other currencies $'000	Total $'000
Total financial assets	469,128	2,360,580	266,905	-	3,096,613
Less: fixed rate assets	(30,877)	(2,091,238)	(235,814)	-	(2,357,929)
	438,251	269,342	31,091	-	738,684
Total financial liabilities	776,687	1,909,334	49,354	2,115	2,737,490
Less: fixed rate liabilities	(727,196)	(427,087)	(53)	-	(1,154,336)
	49,491	1,482,247	49,301	2,115	1,583,154
Net Cash Flow Interest Rate Risk exposures	388,760	(1,212,905)	(18,210)	(2,115)	(844,470)
Possible movement in reference rate (bps)	100	150	100	100	-
Possible impact of increase in reference rate on profit/loss	3,888	(18,194)	(182)	(21)	(14,509)
Possible impact of decrease in reference rate on profit/loss	(3,888)	18,194	182	21	14,509

As at 31 December 2023	GBP $'000	USD $'000	EUR $'000	Other currencies $'000	Total $'000
Total financial assets	596,219	1,704,972	59,163	7,431	2,367,785
Less: fixed rate assets	-	(1,277,030)	(34,279)	(7,431)	(1,318,740)
	596,219	427,942	24,884	-	1,049,045
Total financial liabilities	959,956	1,042,183	66,739	2,965	2,071,843
Less: fixed rate liabilities	(903,868)	(522,213)	(9,792)	-	(1,435,873)
	56,088	519,970	56,947	2,965	635,970
Net Cash Flow Interest Rate Risk exposures	540,131	(92,028)	(32,063)	(2,965)	413,075
Possible movement in reference rate (bps)	100	150	100	100	-
Possible impact of increase in reference rate on profit/loss	5,401	(1,380)	(321)	(30)	3,670
Possible impact of decrease in reference rate on profit/loss	(5,401)	1,380	321	30	(3,670)

Foreign exchange 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 FirstBank UK to match the currencies of its assets and liabilities as far as practicable. It is also the policy of FirstBank UK to adhere to the limits laid down by the Board in respect of the "overall net open position". The tables

below give details of the FirstBank UK's net foreign currency exposures as at 31 December 2024 as a basis of disclosing the Bank's foreign currency sensitivity analysis.

Foreign exchange sensitivity analysis

Foreign currency sensitivity analysis has been performed on the foreign currency exposures inherent in FirstBank UK's financial assets and financial liabilities at the reporting dates presented, net of FX derivatives. The sensitivity analysis provides an indication of the impact on FirstBank UK's profit or loss of reasonably possible changes in the currency exposures embedded within the functional currency environment that the Bank operates in. Reasonably possible changes are based on an analysis of historical currency volatility, together with any relevant assumptions regarding near-term future volatility.

FirstBank UK believes that for each foreign currency net exposure it is reasonable to assume a 5% appreciation/depreciation against the Bank's functional currency. 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.

As at 31 December 2024	GBP $'000	EUR $'000	Other currencies $'000
Net foreign currency exposures	**46,905**	**(2,915)**	**171**
Impact of 5% increase in foreign currency: USD rate	**(2,345)**	**146**	**(9)**
Impact of 5% decrease in foreign currency: USD rate	**2,345**	**(146)**	**9**

As at 31 December 2023	USD $'000	EUR $'000	Other currencies $'000
Net foreign currency exposures	(18,530)	(6,254)	9,478
Impact of 5% increase in foreign currency: USD rate	926	313	(474)
Impact of 5% decrease in foreign currency: USD rate	(926)	(313)	474

Liquidity risk

FirstBank UK is regulated in the United Kingdom by the PRA which sets the required liquidity mismatch parameters.

FirstBank UK manages the liquidity structure of its assets, liabilities and commitments so that cash flows are appropriately balanced to ensure that all funding obligations are met when due and the required mismatch parameters by the PRA are not breached. The policy of FirstBank UK is to match the maturities and currencies as far as practicable for all (and particularly large) exposures or placements.

Maturity analysis

Maturity analysis is based on the (undiscounted) contractual cashflows and on the earlier of the periods to the next interest rate pricing date or the maturity dates.

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31 Financial risk management (continued)

2024	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Liabilities						
Deposits from banks	1,350,932	167,502	-	-	-	1,518,434
Deposits from customers	660,678	41,473	198,622	159,362	-	1,060,135
Subordinated liabilities	-	240	-	60,000	-	60,240
Other liabilities	150,204	-	-	-	-	150,204
	2,161,814	209,215	198,622	219,362	-	2,789,013
Off balance sheet items:						
Letters of credit	58,030	8,072	31,374	-	-	97,476
Guarantees	-	-	1,682	2,768	-	4,450
	2,219,844	217,287	231,678	222,130	-	2,890,939

2023	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Liabilities						
Deposits from banks	613,927	100,043	-	-	-	713,970
Deposits from customers	521,982	52,803	295,151	379,509	-	1,249,445
Subordinated liabilities	255	-	-	-	60,000	60,255
Other liabilities	84,625	-	-	-	-	84,625
	1,220,789	152,846	295,151	379,509	60,000	2,108,295
Off balance sheet items:						
Letters of credit	25,470	24,988	13,935	-	-	64,393
Guarantees	-	-	9,607	6,824	6,625	23,056
Total liabilities	1,246,259	177,834	318,693	386,333	66,625	2,195,744

Derivative liabilities

The table below analyses the Bank's derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2024	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Derivative liabilities						
FX forwards	177	2,830	-	-	-	3,007
	177	2,830	-	-	-	3,007

2023	Not more than 3 months $'000	Within 6 months $'000	Between 6 months and 1 year $'000	Between 1 and 5 years $'000	After more than 5 years $'000	Total $'000
Derivative liabilities						
FX forwards	-	-	16,659	-	-	16,659
	-	-	16,659	-	-	16,659

32 Capital management

Capital is made up of tier one and tier two capital elements. FirstBank UK's Tier 1 capital is equivalent to its equity which consists of paid share capital, retained earnings and revaluation reserves as stated in the statement of financial position. The tier two capital is the issued subordinated debt due March 2029. The Bank's capital management strategy is to provide a sufficient capital base to cover business risks, future business levels and comply with all regulatory requirements. It aims to maintain healthy capital ratios to support its business.

The PRA supervises the Bank, receiving information on the capital adequacy and setting the capital requirements. The Bank actively manages its capital position, reporting regularly to the Board and senior management through its ALCO and other governance committees. ALCO is responsible for managing the capital of the Bank in line with the risk appetite set out by the Board, including policy governance, overseeing internal controls, and setting internal limits for capital ratios. The Bank's approach is based on the three Pillars with the first Pillar based on minimum capital requirements at 8%, the second Pillar uses the Internal Capital Adequacy Assessment process to assess capital risks and to determine the total capital requirement. Additionally, the PRA sets the Bank's buffer requirements. The Bank remained well above its capital requirements consistently during the year.

The Bank's regulatory capital as at 31 December 2024 is as follows:

	31 December 2024 $	31 December 2023 $
Tier one capital		
Shareholders' funds	**382,303,482**	336,454,048
Less:		
Regulatory adjustments	**(18,540,616)**	(26.993,868)
Tier one capital	**363,762,866**	309,460,180
Tier two capital		
Available tier two capital	**50,311,037**	44,538,916
Total available capital	**414,073,903**	353,999,096

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The third pillar covers the requirement for disclosures to market participants on the Bank's capital, risk weighted assets and risk assessment processes. Further details about the Bank's regulatory capital requirement and its management are disclosed in the Bank's Pillar 3 Disclosure document published on its website.

33 Fair value of financial instruments

Categories of financial instruments

The table below represents FirstBank UK's assets and liabilities carrying amounts, classified by the categories as defined in IFRS 9.

31 December 2024	Fair Value through profit and loss $'000	Fair Value through OCI $'000	Amortised cost $'000	Total $'000
Financial assets				
Cash and bank balances	-	-	54,720	54,720
Loans and advances to banks	-	-	999,895	999,895
Loans and advances to customers	-	-	601,178	601,178
Financial assets held at fair value through profit or loss	33,816	-	-	33,816
Investment securities:				
Investment securities carried at amortised cost	-	-	488,452	488,452
Investment securities carried at FVOCI		967,977		967,977
Other assets	-		1,361	1,361
	33,816	967,977	2,145,606	3,147,399
Financial liabilities				
Deposits from banks	-	-	1,518,434	1,518,434
Deposits from customers	-	-	1,060,135	1,060,135
Other liabilities	-	-	150,027	150,027
Financial liabilities at fair value through profit and loss	3,007	-	-	3,007
Subordinated liabilities	-	-	60,240	60,240
	3,007	-	2,788,836	2,791,843

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31 December 2023	Fair Value through profit and loss $'000	Amortised cost $'000	Total $'000
Financial assets			
Cash and bank balances	-	38,231	38,231
Loans and advances to banks	-	1,186,213	1,186,213
Loans and advances to customers	-	528,609	528,609
Financial assets held at fair value through profit or loss	37,038	-	37,038
Financial investments carried at amortised cost	-	634,655	634,655
Other assets	-	1,794	1,794
	37,038	2,389,502	2,426,540
Financial liabilities			
Deposits from banks	-	713,970	713,970
Deposits from customers	-	1,249,444	1,249,444
Other liabilities	-	84,155	84,155
Financial liabilities at fair value through profit and loss	16,660	-	16,660
Subordinated liabilities	-	60,255	60,255
	16,660	2,107,824	2,124,484

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33 Fair value of financial instruments (continued)

Set out below is a year-end comparison of carrying and fair values of all the FirstBank UK's financial instruments by category. The fair values are determined as stated below.

	Carrying value		Fair value	
	31 December 2024 $'000	31 December 2023 $'000	31 December 2024 $'000	31 December 2023 $'000
Cash and bank balances	**54,720**	38,231	**54,720**	38,231
Loans and advances to banks	**999,895**	1,186,213	**999,895**	1,186,213
Loans and advances to customers	**601,178**	528,609	**601,178**	528,609
Financial assets held at fair value through profit and loss	**33,816**	37,038	**33,816**	37,038
Investment securities				
Investment securities at amortised cost	**488,452**	634,655	**485,162**	621,558
Investment securities at FVOCI	**967,977**	-	**967,977**	-
Other assets	**1,361**	1,794	**1,361**	1,794
	3,147,399	2,426,540	**3,144,109**	2,413,443
Deposits from banks	**1,518,434**	713,970	**1,518,434**	713,970
Deposits from customers	**1,060,135**	1,249,444	**1,060,135**	1,249,444
Financial liabilities held at FVTPL	**3,007**	16,660	**3,007**	16,660
Subordinated liabilities	**60,240**	60,255	**60,240**	60,255
Other liabilities	**150,027**	84,155	**150,027**	84,155
	2,791,843	2,124,484	**2,791,843**	2,124,484

Basis of determination of fair values

Cash at bank and in hand

These consist of cash held in hand and balances held in nostro accounts with other banks. The carrying amount of the cash balances is deemed to be a reasonable representation of the fair value.

Loans and advances to banks

These comprise of loans granted to financial institutions and short-term placements with banks. The carrying amount of the loans is deemed a reasonable approximation of their fair value.

Loans and advances to customers

These comprise loans and other facilities granted to non-bank customers. The carrying amount of the loans is deemed a reasonable approximation of their fair value.

Investment securities

These comprise mainly of marketable debt securities. The basis of estimating the fair value of these assets is by ascertaining the market value as at the balance sheet date.

Financial assets – derivatives

These consist mainly of forward foreign exchange contracts of which the fair value is determined by applying valuation techniques include forward pricing and swap models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying instrument.

Financial Instruments at fair value through profit or loss

These comprise debt instruments held for the purpose of trading. These securities are fair valued at each reporting date using the quoted market prices.

Deposits from banks

These comprise mainly of deposits taken from financial institutions and the carrying amount of these deposits is deemed to approximate their fair value.

Deposits from customers

These comprise mainly of deposits taken from non-bank customers and the carrying amount of these deposits is deemed to approximate their fair value.

Financial liabilities - derivatives

These consist mainly of forward foreign exchange contracts of which the fair value is determined by applying valuation techniques include forward pricing and swap models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying instrument.

Subordinated liabilities

These are long-term debt liabilities, fair value of which has been estimated using the carrying amount of these liabilities as reasonable approximation of market value.

Fair value measurement recognised in the statement of financial position

The following tables provide an analysis of financial instruments for FirstBank UK that are measured and recorded at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - fair value measurements are those derived from 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** - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

for the year ended 31 December 2024

The table below shows the carrying value of financial assets not measured at fair value.

31 December 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Cash and bank balances	-	54,720	-	54,720
Loans and advances to banks	-	-	999,985	999,985
Loans and advances to customers	-	-	601,178	601,178
Investment securities carried at amortised cost	488,452	-	-	488,452
Other assets	-	-	1,361	1,361
Financial liabilities				
Deposits from banks	-	-	1,518,434	1,518,434
Deposits from customers	-	-	1,060,135	1,060,135
Subordinated liabilities	-	-	60,240	60,240
Other liabilities	-	-	150,027	150,027

31 December 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Cash and bank balances	-	38,321	-	38,231
Loans and advances to banks	-	-	1,186,213	1,186,213
Loans and advances to customers	-	-	528,609	528,609
Investment securities carried at amortised cost	634,655	-	-	634,655
Other assets	-	-	1,794	1,794
Financial liabilities				
Deposits from banks	-	-	713,970	713,970
Deposits from customers	-	-	1,249,444	1,249,444
Subordinated liabilities	-	-	60,255	60,255
Other liabilities	-	-	84,155	84,155

33 Fair value of financial instruments (continued)

The table below show the fair value hierarchy of financial instruments measured at fair value. There are no transfers between level 1 and level 2 during 2024 (2023: None)

31 December 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets held at fair value through profit or loss				
Derivatives	-	1,204	-	1,204
Debt securities	32,613	-	-	32,613
Financial assets held at fair value through other comprehensive income				
Debt securities	967,977	-	-	967,977
Financial liabilities held at fair value through profit or loss				
Derivatives	-	3,007	-	3,007

31 December 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets held at fair value through profit or loss				
Derivatives	-	24,961	-	24,961
Debt securities	12,077	-	-	12,077
Financial liabilities held at fair value through profit or loss				
Derivatives	-	16,660	-	16,660

Notes to the Financial Statements

for the year ended 31 December 2024

34 Analysis of balances of cash and cash equivalents in the statement of cashflows

	Note	31 December 2024 $	31 December 2023 $
Cash and bank balances	14	54,719,599	38,231,723
Loans and advances to banks - repayable on demand	15	308,017,925	457,499,025
		362,737,524	495,730,748

Changes in liabilities arising from financing activities.

	1 January 2024 $	Cash flows $	Others $	31 December 2024 $
Current lease liabilities	895,972	(931,173)	1,033,336	998,135
Non-current interest-bearing loans and borrowings	60,255,000	(5,505,000)	5,490,000	60,240,000
Non-current lease liabilities	6,821,067	-	(852,822)	5,968,245
Total liabilities from financing activities	67,972,039	(6,436,173)	5,670,514	67,206,380

'Others' comprises the reclassification from non-current lease liabilities to current lease liabilities, the interest cost on these liabilities for the current year and exchange rate differences in relation to lease liabilities.

	1 January 2023 $	Cash flows $	Others $	31 December 2023 $
Current lease liabilities	1,225,172	(1,253,403)	924,203	895,972
Non-current interest-bearing loans and borrowings	60,255,000	(5,475,000)	5,475,000	60,255,000
Non-current lease liabilities	6,943,128	-	(122,061)	6,821,067
Total liabilities from financing activities	68,423,300	(6,728,403)	6,277,142	67,972,039

35 Dividends

No dividend was paid by FirstBank UK Limited in respect of the year ended 31 December 2024 (2023: Nil).

36 Parent and ultimate parent undertaking

The Bank's immediate parent is First Bank of Nigeria Limited. The ultimate parent company and controlling party is First Holdco Plc. a company incorporated in Nigeria, and which prepares group accounts including all companies within the FirstBank Group. The parent of the smallest and largest group for which Group accounts are prepared and of which FirstBank UK is a member is First Holdco Plc. The registered address of First Holdco Plc is 11th Floor, Samuel Asabia House, 35 Marina, Lagos, Nigeria. Copies of such accounts may be obtained from the group website www.first-holdco.com.

37 Post balance sheet events

The Directors are not aware of any material events that have occurred between the date of the Statement of Financial Position and the date of this report.

38 Reclassification of 2023 Comparative Information

During 2024 the Bank has reclassified the deferred portion of the integral fees to loans and advances to customers as against other liabilities where it was previously reported to comply with the requirements of IFRS 9.

Consequently, this change has resulted in the need for a reclassification of the deferred fees attributable to 2023 to correctly present this within loans and advances. This reclassification has been done to enhance the understanding of the users of the financial statements. There is no impact on the statement of profit or loss and comprehensive income.

The impact of the reclassification on the Bank's 2023 Statement of Financial Position are as follows:

Statement of financial position For the year ended 31 December 2023	As previously presented	Reclassification	As currently presented
Loans and advances to customers	529,947,204	(1,338,623)	528,608,581
Other liabilities	85,963,626	(1,338,623)	84,625,003

Notes to the accounts For the year ended 31 December 2023	As previously presented	Reclassification	As currently presented
Loans and advances to customers – Note 16	529,947,204	(1,338,623)	528,608,581
Other liabilities (Other payables) – Note 25	85,963,626	(1,338,623)	84,625,003

The impact of the statement of cash flows is as follows:

Statement of cashflows For the year ended 31 December 2023	As previously presented	Reclassification	As currently presented
Net (increase)/ decrease in assets relating to operating activities			
Loans and advances to customers	(139,867,128)	1,338,623	(138,528,505)
Net increase/ (decrease) in assets relating to operating activities			
Other liabilities	(41,704,800)	(1,338,623)	(43,043,423)

Five-Year Summary

for the year ended 31 December 2024

	December 2024 $	December 2023 $	December 2022 $	December 2021 $	December 2020 £
Balance Sheet					
Assets					
Cash at bank and in hand	**54,719,509**	38,230,748	28,823,807	54,332,780	26,632,884
Loans and advances to banks	**999,895,364**	1,186,212,834	1,244,331,748	1,005,849,379	749,252,262
Loans and advances to customers	**601,178,458**	528,608,581	400,732,733	567,660,716	475,851,293
Financial investments at amortised cost	**488,451,516**	634,655,385	1,741,397,473	1,802,789,968	1,052,603,457
Financial assets held at fair value through profit or loss	**33,816,495**	37,038,076	31,395,546	20,681,758	26,651,619
Financial assets held at fair value other comprehensive income	**967,977,500**	-	-	-	-
Property and equipment	**6,556,173**	7,737,741	9,104,891	11,811,462	10,000,779
Intangible assets	**416,719**	1,121,550	1,780,979	2,729,471	2,749,267
Other assets	**4,262,118**	3,280,512	2,429,178	2,539,878	1,630,499
Deferred tax asset	**17,049,353**	25,818,620	32,635,950	33,972,221	24,453,836
	3,174,323,205	2,462,704,047	3,492,632,305	3,502,367,633	2,369,825,896
Financed by:					
Share capital	**242,000,000**	242,000,000	242,000,000	270,000,000	200,000,000
Share premium	**24,227,532**	24,227,532	24,227,532	27,607,106	20,449,708
Reserves	**116,075,950**	70,226,516	33,911,232	(12,710,369)	(36,964,560)
Deposits by banks	**1,518,433,587**	713,970,494	1,764,738,929	1,859,526,473	1,212,689,338
Customer accounts	**1,060,135,149**	1,249,444,331	1,208,196,255	1,028,660,662	774,785,918
Financial liabilities at fair value through profit or loss	**3,007,304**	16,659,543	27,887,739	19,345,123	126,009
Other liabilities	**150,203,683**	85,920,631	131,415,618	249,605,429	154,652,566
Subordinated liabilities	**60,240,000**	60,255,000	60,255,000	60,333,209	44,086,917
	3,174,323,205	2,462,704,047	3,492,632,305	3,502,367,633	2,369,825,896
Income statement					
Gross earnings	**199,376,571**	168,403,032	115,074,034	95,246,737	84,130,432
Operating income	**122,301,110**	108,506,883	90,026,241	75,835,669	60,905,302
Operating expenses	**(60,363,282)**	(50,301,166)	(41,297,478)	(37,612,342)	(28,314,168)
Provision for losses	**(1,786,454)**	(10,657,768)	(4,646,630)	326,750	(33,220,172)
Loan recovery	**916,865**	5,113	3,501,728	1,030,368	15,491,107
Profit/(Loss) before tax	**61,068,239**	47,553,062	47,583,861	39,580,445	14,862,069
Taxation	**(15,287,537)**	(11,237,778)	(1,437,447)	(1,670,307)	1,589,053
Profit/(Loss) after tax	**45,780,702**	36,315,284	46,146,414	37,910,138	16,451,122

Abbreviations

12mECL	12 months' Expected Credit Loss
AFC	Africa Finance Corporation
ALCO	Asset & Liability Committee
ALM	Asset Liability Management
AMP	Advanced Management Programme
ANIM	Associate, Nigeria Institute of Management
AZ	AstraZeneca
BAC	Board Audit Committee
BCC	Board Credit Committee
BGNRC	Board Governance Nominations & Remuneration Committee
BRCC	Board Risk & Compliance Committee
CAR	Capital Adequacy Ratio
CARMCO	Compliance and Risk Management Committee
CDC	Consumer Duty Committee
CEO	Chief Executive Officer
CI	Confidence Interval
CIBN	Chartered Institute of Bankers of Nigeria
CoR	Cost of Risk
CRM	Certified Risk Manager
DIT	Department of International Trade
DPD	Days Past Due
EAD	Exposure At Default
ECC	Executive Credit Committee
ECL	Expected Credit Losses
EIR	Effective Interest Rate
EIUK	Energy Institute of the United Kingdom
ERMF	Enterprise Risk Management Framework
FAMA	FirstBank Annual Merit Awards
FCA	Fellow Institute of Chartered Accountants
FCA	Financial Conduct Authority
FCPC	Financial Crime Prevention Committee
FI	Financial Institution
FLA	Forward Looking Adjustments
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GAM	Global Account Management
GTL	Gas-To-Liquid
ICAAP	Internal Capital Adequacy Assessment
ICAN	Institute of Chartered Accountants
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
ISA	International Standards on Auditing
KPI	Key Performance Indicators
KRI	Key Risk Indicators
LBS	London Business School
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LSE	London School of Economics and Political Science
LTECL	Lifetime Expected Credit Loss
MBA	Masters of Business Administration
MEV	Macro-Economic Variables
MPM	Management-Defined Performance Measures
MSc	Master of Science
NDF	Non-Deliverable Forward
NomRemCo	Nominations and Renumeration Committee

Abbreviations

NSFR	Net Stable Funding Ratio
OMO	Open Market Operation
PBT	Profit Before Tax
PD	Probability of Default
PGC	Product Governance Committee
PIDG	Private Infrastructure Development Group
POCI	Purchase/Originated Credit Impaired
PRA	Prudential Regulation Authority
PSC	Project Steering Committee
RAS	Risk Appetite Statement
RCSA	Risk Control Self-Assessment
RIMAN	Risk Management Association of Nigeria
SCB	Standard Chartered Bank
SECR	Streamlined Energy and Carbon Reporting
SICR	Significant Increase in Credit Risk
SMT	Senior Management Team
SPARK	Start Promoting Random Acts of Kindness
SPPI	Solely Payments of Principal and Interest
SSA	Sub-Saharan Africa
UKTI	UK Trade and Investment

Contact Information

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Pension Custodial Services		
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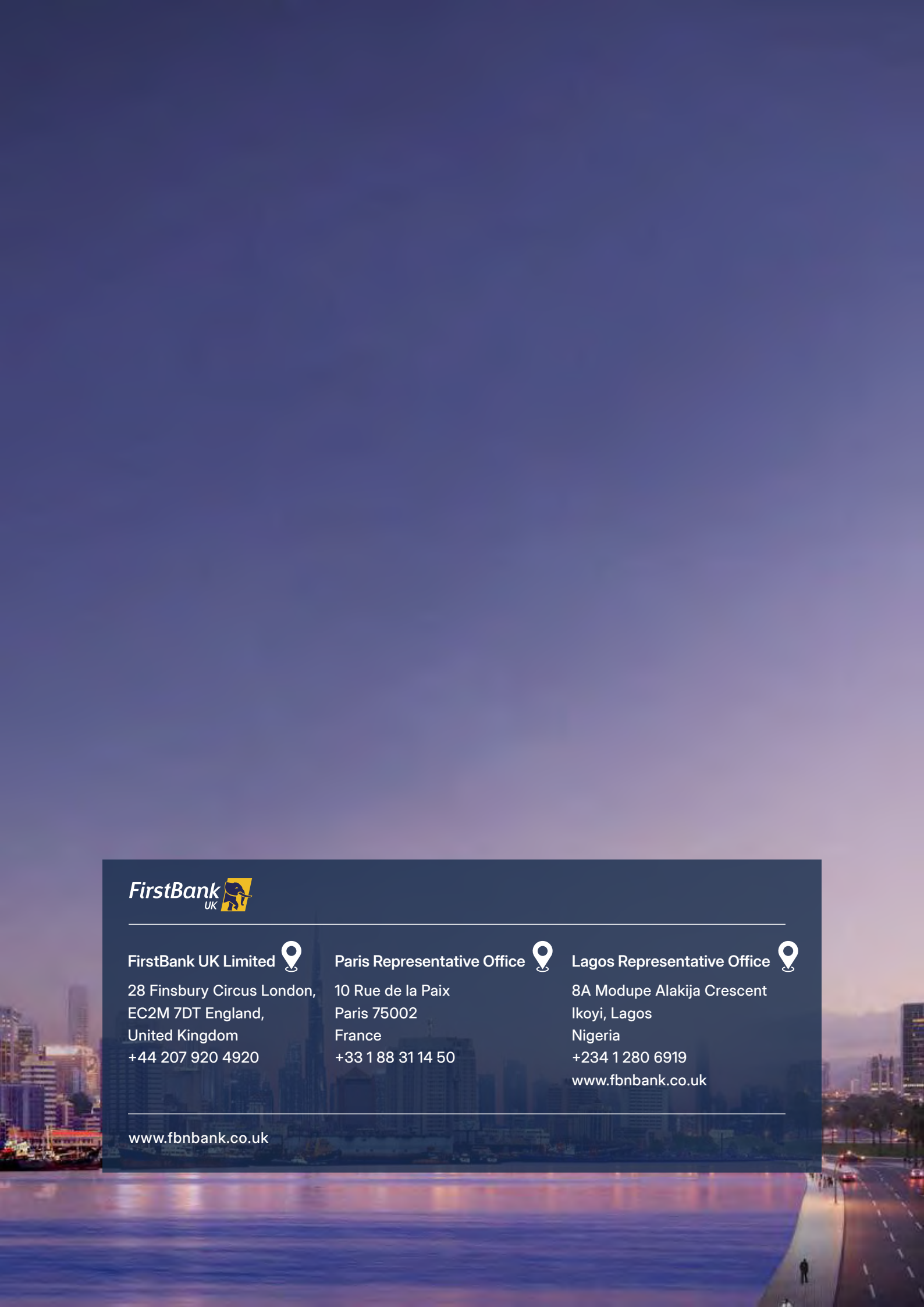

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