NIRSAL

THE NIGERIA INCENTIVE-BASED
RISK SHARING SYSTEM FOR AGRICULTURAL LENDING

De-Risking Agriculture ▪ Facilitating Agribusiness

2024 Annual **Report**

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CORPORATE INFORMATION

Directors

S/N	Name	Position	Appointment Year
1	Muhammad S. Abdullahi	Chairman/Non-Executive Director	September 1, 2024
2	Sa'ad Hamidu	Managing Director/CEO	November 11 ,2024
3	Ado Yakubu Wanka	Non-Executive Director	September 1, 2024
4	Daphne Dafinone	Non-Executive Director	September 1, 2024
5	Shehu Balarabe	Non-Executive Director	September 1, 2024
6	Bankole Allibay	Non-Executive Director	September 1, 2024

Key Management Personnel

S/N	Name	Position
1	Sa'ad Hamidu	Managing Director/CEO
2	Idris Issa Aweda	DGM, Loan Management, Repayment & Recovery
3	Osagie E. Ikekhua	DGM, Research, Innovation, Strategy, Results Measurement, Impact and Sustainability
4	Maryam Yusuf	DGM, Programme Co-ordinating Unit
5	Zainab Ruth Salawu	DGM, Finance, Accounts & Investment
6	Ibrahim Abdullahi	AGM, Agricultural Value Chain Production, Integration & Services
7	Michael Adeoye	AGM, Agricultural Value Chain Finance & Investment Services
8	Hamisu Sani	Company Secretary

Country of incorporation and domicile:	Nigeria
Company registered number:	1094118
Tax Identification Number	20244012-0001
Registered office:	Plot 1582, Tigris Crescent, Maitama, Abuja
Company Secretary	Hamisu Sani, Esq FRC/2020/PRO/00000020464

NIRSAL

Auditors	PKF Professional Services 5th Floor, Unity Bank Building Central Business District, Abuja

Bankers:

Central Bank of Nigeria
Access Bank Plc
Ecobank Plc
Fidelity Bank Plc
First City Monument Bank Ltd
Guaranty Trust Bank Plc
Heritage Bank Limited

Stanbic IBTC Bank Plc
Sterling Bank Plc
Union Bank of Nigeria Plc
Unity Bank Plc
United Bank for Africa
WEMA Bank Plc
Keystone Bank Ltd

VALUE STATEMENT

This annual report contains NIRSAL Plc's (the "Company") statement of affairs for the 2021 Financial Year, it contains amongst other reports, the Chairman's statement, Chief Executive Officer's statement, Corporate Governance report, the Company's sustainability report, Environmental, Social and Governance report, AML/CFT guidelines and the Financial Statements comprising the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash flow and Statement of Changes in Equity.

NIRSAL's Financial Statement complies with the applicable legal requirements of the Financial Reporting Council of Nigeria, Nigerian Securities and Exchange Commission and Corporate Affairs Commission regarding Annual Financial Statements for the year ended December 31, 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria.

VISION, MISSION AND CORE VALUE STATEMENTS

Our Vision
Transforming the economy, delivering inclusive growth and positively impacting lives.

Our Mission
To forge partnerships between agriculture and finance, maximising the potential of agriculture for food security, job creation and economic growth

Our Core Values

I	Integrity	I	Innovation
P	Professionalism	A	Accountanbility
R	Reliability	T	Transparency

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of NIRSAL Plc will be held on Friday, the 11th day of April, 2025 at NIRSAL's Head Office, Plot 1581, Tigris Crescent, Maitama District, Abuja, at about 11:00 a.m. to transact the following businesses:

Ordinary Business:

1. To lay before the shareholders, the Audited Financial Statements, together with the Reports of the Directors, Auditors and the Audit Committee for the year ended 31st December, 2021.

2. To lay before the shareholders, the Audited Financial Statements, together with the Reports of the Directors, Auditors and the Audit Committee for the year ended 31st December, 2022.

3. To lay before the shareholders, the Audited Financial Statements, together with the Reports of the Directors, Auditors and the Audit Committee for the year ended 31st December, 2023.

4. To lay before the shareholders, the Audited Financial Statements, together with the Reports of the Directors, Auditors and the Audit Committee for the year ended 31st December, 2024.

5. To confirm the appointment of the Managing Director/Chief Executive Officer.

6. To elect members of the Statutory Audit Committee.

7. To re-appoint the Auditors and authorise the Directors to fix their remuneration.

Special Business

8. To amend the Memorandum and Articles of Association of the company to reflect the Central Bank of Nigeria and NESI SS Ltd. as shareholders of NIRSAL Plc.

9. To fix the remuneration of the Directors.

NOTES:

1. PROXY

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy form is enclosed in the Annual Report. For the instrument of proxy to be valid, it must be completed and duly stamped for the purpose of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office or by email to LSCSteam@nirsal.com, not less than 48hours before the time fixed for the meeting.

2. NOMINATIONS FOR THE AUDIT COMMITTEE

In accordance with Section 404 (6) of the Companies and Allied Matters Act, 2020, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the date of the Annual General Meeting.

3. RIGHT TO ASK QUESTIONS

It is the right of shareholders to ask questions, not only at the Annual General Meeting but in writing prior to the Meeting. Such questions should be addressed to the Company Secretary and submitted at the registered office of the Company not later than one week before the date of the Annual General Meeting.

4. ELECTRONIC ANNUAL REPORT

The electronic version of the Annual Report is available online for viewing and download from our website: https://www.nirsal.com

BY ORDER OF THE BOARD

[illegible]
Company Secretary
FRC/2020/PRO/00000020464

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 7th Annual General Meeting of our Company, and to present to you the Audited Financial Statements for the year ended December 31, 2024.

At inception, NIRSAL Plc was created to de-risk lending to the agricultural sector which was hitherto considered a high-risk area by commercial banks. NIRSAL Plc aims to achieve two major objectives:

- fix the agricultural and financial value chain to encourage banks to lend with confidence to the sector, and
- encourage banks to lend to the agricultural value chain by offering them strong incentives and technical assistance.

Notwithstanding these laudable objectives, poor corporate governance and mission drift, amongst others, impaired the ability of the organisation to achieve its mandate, which necessitated the change of the entire Board and Management of the organisation, to address the lingering issues with agricultural financing in Nigeria.

As of the end of Q4, 2024, agricultural capacity utilisation and output remained below expectations. As a result, headline inflation remained high at 34.80% as of December 2024, driven largely by food inflation which also remained high at 39.84% as of December 2024.

Overall, Nigeria's agricultural sector contribution to annual real GDP growth has remained below 30% over the past few years. In Q4, 2024, Nigeria's agricultural sector real GDP growth rate was 1.76%, representing a 0.62% growth when compared to Q3, 2024, and a decrease of 0.34 percentage points from the corresponding period of Q4, 2023, with a growth rate of 2.10%.

The new Board thus has its job well laid out and it must continue to incentivise agricultural lending and other credit schemes to boost domestic food production, which will lead to reduction in food prices and inflation, and further increase agricultural sector contribution to the real GDP.

NIRSAL Plc has now been repositioned to enable it to achieve its primary mandate of facilitating affordable finance and investment across the agricultural value chain. The desired goals will be achieved by improving the capacity of banks to lend and creating a guaranteed mechanism by which the brunt of credit-related risks would be shared.

There is no gainsaying that as an organisation with an estimated US$500 million in assets provided by the CBN, NIRSAL's pursuit of excellence and integration as encapsulated in its five (5) pillars will be attained by taking deliberate and well-thought-out actions to build long-term capacity and institutionalise incentives for agricultural lending.

The attainment of such objective would ensure food security, economic empowerment and uplifting the well-being of the ordinary Nigerians, which are part of the major focus of the Governor of the Central Bank of Nigeria and the renewed hope agenda of Mr. President.

To achieve the desired success, the Board will ensure that its strategic direction aligns with the core values of NIRSAL Plc through collective effort, data-driven decision-making, and strong corporate governance practices.

I express my profound gratitude to the Governor of the Central Bank of Nigeria, the Bankers Committee and the Federal Ministry of Agriculture and Food Security for supporting NIRSAL's journey thus far in curbing and managing agribusiness-related credit risks in Nigeria.

Mr. Muhammad Sani Abdullahi effective September, 2024
Chairman

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER'S REPOR

Dear Shareholders, Distinguished Ladies and Gentlemen, it is my privilege to welcome you all to our 7th Annual General Meeting which will serve as a migration to full compliance in all ramifications.

Indeed, agriculture plays a crucial role in Nigeria's economy, contributing 25% to the country's GDP. However, the sector faces significant challenges, including limited bank lending due to broken value chains and insufficient budgetary allocations, exacerbated by the government's fiscal constraints. Despite Nigeria's commitment as a signatory to the Malabo and Maputo declarations, annual budgetary allocation to agriculture remains below 10%.

As we reflect on the performance of NIRSAL Plc in 2024, it is crucial to consider the broader operating environment in which we have navigated. Despite global economic stabilization, driven by recovery in developed economies, Nigeria's economic landscape has presented a mixed and often challenging outlook. Recent regulatory reforms have disrupted economic activities, exacerbating existing macroeconomic pressures such as inflation, exchange rate depreciation, and rising interest rates. The agricultural sector, a key focus for NIRSAL, has faced significant headwinds, with rising costs and limited access to financing hampering growth potential. Against this backdrop, NIRSAL's resilience and ability to adapt have been evident, as the organization continues to drive meaningful impact, particularly in the financing and development of Nigeria's agricultural sector.

While global economic conditions have stabilized, largely due to improvements in developed economies, Nigeria's economic performance in 2024 presents a mixed outlook. Recent reforms introduced significant disruptions to economic activities, creating a challenging business environment. As a result, several multinational companies have exited the market, and more than 200 local manufacturing firms have closed their doors in the past year. Despite this, the economy recorded a modest 3.4% growth in real Gross Domestic Product (GDP), reflecting a considerable improvement over 2.7% from the previous year. This growth was bolstered by stronger trade positions, enhanced government revenues, and an increase in foreign investment. However, these gains have been tempered by persistent macroeconomic instability, including exchange rate depreciation, rising inflation, a high-interest rate environment, and worsening fiscal sustainability.

For agriculture, these challenges had significant implications. Rising costs, driven by inflation and exchange rate volatility, placed additional pressure on agribusinesses, increasing the cost of inputs such as fertilizers, seeds, and machinery. The high-interest rate environment further strained access to financing for agricultural projects. While the agricultural sector remains a critical part of the economy, the negative macroeconomic trends in 2024 hindered its potential to drive broader economic benefits, limiting rural development and exacerbating food insecurity.

Despite all the challenges, NIRSAL Plc achieved decent results in 2024. The organisation facilitated N23.88 billion in financing a 29% decline from N33.31bn recorded in 2023. Nevertheless, finance facilitation and investment activities delivered an operating income of N15.9 billion, a 27% increase from N12.5 billion in 2023. This growth was fuelled by higher investment returns and reduced operational expenses due to limited activities occasioned by management transition/change.

In terms of profitability, operating profit rebounded from a N5.95 billion loss in 2023 to a N4.24 billion profit. A revaluation of our Property, Plant, and Equipment (PPE) led to a surplus of N2.43 billion, boosting total comprehensive income and resulting in N863.85 million profit, compared to a loss of N9.87 billion in 2023.

Overall, the strong financial results for 2024, despite the recent changes in Management, reflect NIRSAL's resilience and commitment to delivering value, enhancing operational efficiency, and supporting Nigeria's agricultural sector.

In conclusion, NIRSAL Plc has demonstrated remarkable performance in 2024, achieving strong financial results despite the ongoing macroeconomic challenges. Our ability to facilitate N23.88 billion in financing and return to profitability, alongside enhanced operational efficiency, underscores our commitment to fostering sustainable growth.

As we move forward, NIRSAL remains focused on building on this momentum, navigating challenges, and delivering value for stakeholders, all while continuing to drive progress in Nigeria's agricultural transformation. NIRSAL would streamline its operations to better align with its core mandate of de-risking and facilitating financing, while leveraging on strategic partnerships to address and fix broken value chains.

Mr. Sa'ad Hamidu
Managing Director/ CEO

NIRSAL

RESULTS AT A GLANCE

Details	Dec - 24	Dec - 23	Increase/ (Decrease)
	N'million	N'million	%
Major Income Statement Items			
Gross Earnings	15,897,894	12,519,874	27%
Net Operating Income	15,889,158	12,497,445	27%
Loss Before Tax	(1,297,296)	(9,853,321)	-87%
Comprehensive Income	(863,852)	(9,870,809)	-109%
Major Statement of Financial Position Items			
Total assets	282,347,624	282,675,868	0%
Authorised Share Capital	2,500,000	2,500,000	0%
Share Capital	2,500,000	2,500,000	0%
Total Shareholders' Funds	4,060,736	3,196,884	27%
Earnings Per Share	35	(395)	109%

REPORT OF THE DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2024

The Directors are pleased to present their report on the affairs of the Company, together with the Audited Financial Statements and auditor's report for the year ended December 31, 2024.

LEGAL FORM AND PRINCIPAL ACTIVITIES

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) Plc (the Company) was incorporated on 4 February, 2013 as a public limited company incorporated in Nigeria. Its parent and ultimate holding company is the Central Bank of Nigeria. The addresses of its principal place of business is Plot 1581, Tigris Crescent, Maitama, Abuja. The company's principal activities is to stimulate the flow of affordable finance and investments into the agricultural sector by de-risking the agribusiness finance value chain, fixing agricultural value chains, building long term capacity and institutionalizing incentives for agricultural lending.

RESULTS FOR THE YEAR

The Company's results for the year are set out on pages 33 and 34. The Profit/ (Loss) after tax for the year ended December 31, 2024 in the sum of 1.305 billion (2023: 9.870 billion) has been transferred to retained earnings.

The following is the summary of the performance of the Company during the year under review as compared with the previous year:

	Dec - 24	Dec - 23
	N'000	N'000
Fee income	347,305	280,279
Other Operating expenses	(4,775,324)	(4,880,477)
Finance cost	(5,543,622)	(3,906,6741)
Loss before income tax expense	(1,297,296)	(9,853,321)
Income tax expenses	(270,740)	(17,488)
Loss after tax	863,852	(9,870,809)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Name	Nationality
Mr. Muhammad Sani Abdullahi	Nigerian
Mr. Hamidu Sa'ad	Nigerian
Mallam Ado Wanka	Nigerian
Dr. Daphne Dafinone	Nigerian

Dr. Bankole Allibay	Nigerian
Hon. Shehu Balarabe	Nigerian

None of the Directors has interest in the shareholding of the company as required to be disclosed under section 301 of the Companies and Allied Matters Act (CAMA), 2020 of Nigeria.

DIRECTORS INTEREST IN CONTRACTS.

In accordance with Section 7 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.

ANALYSIS OF SHAREHOLDINGS

The details of shareholding of the Company as at December 31, 2024 is as stated below;

	2024		2023	
	No. of Shares	%Holding	No. of Shares	%Holding
Shareholding Structure	**000**	**%**	**000**	**%**
Central Bank of Nigeria	2,495,000	99.80	2,495,000	99.80
NESI SS Ltd.	5,000	0.20	5,000	0.20

CORPORATE GOVERNANCE

The Board of Directors of the Company is cognizant of its responsibilities under the Code of Corporate Governance issued by the Securities and Exchange Commission, the Code of Corporate Governance issued by the Financial Reporting Council of Nigeria and the Nigerian Code of Corporate Governance in the administration of the Company and is ensuring that the Company consistently complies with the Codes.

ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

HUMAN RESOURCES

The Company makes it a paramount objective to hire individuals based on standards of merit and competence. Also, the Company upholds a sound culture of providing continued development and training for its Staff to address knowledge gaps and provide new skill sets along the Company's lines of responsibilities. Annually, trainings are identified for staff and followed through in accordance with an approved training plan meant to ensure that this objective is achieved. The Company encourages easy interaction between Management and other staff of the Company so as to foster an atmosphere of warmth at work and also to kindle the necessary synergy required for the Company's success.

EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned.

The Company has one physically challenged person in its employment. However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company approaches Health, Safety and Welfare issues affecting Staff with every sense of seriousness and therefore maintains an insurance health care scheme with Avon, a Health Maintenance Organization (HMO), licensed by the National Health Insurance Scheme (NHIS) to provide health insurance to employees in the private sector. Through this arrangement, each employee, their respective spouses, and dependents below the age of eighteen (18) years are entitled to medical treatments in well-equipped, qualitative network of hospitals under the scheme. The Company also other insurance policies such as National Social Insurance Trust Fund (NSITF) and Group Life Assurance (GLA) policy to adequately secure and protect its employees.

There are contributory retirement benefit schemes for both management and employees of the Company in conformity with the Pensions Reform Act 2014.

EMPLOYEES' INVOLVEMENT AND TRAINING

The Company has an effective employer/employee communication system aimed at enhancing industrial harmony. Employees are kept fully informed as much as practicable of the Company's activities which particularly affect them as employees and are also encouraged to communicate any information useful to management through dedicated channels of communication.

The Company has in-house training facilities complemented when and where necessary with additional facilities from educational institutions for the training of its employees.

DONATIONS

As part of our commitment to the development of agriculture and to be identified with Agric related institution, the company made contribution of N5,000,000 for First National Agriculture and Food Security Summit & Expo.

DIVIDEND

Dividend on ordinary shares are appropriated from retained earnings and recognised as liability only when declared and approved by shareholders at the Annual General Meeting. No dividend has been recommended by the directors.

PROPERTY, PLANT AND EQUIPMENT

In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than as shown in the financial statements. Information relating to changes in property, plant & equipment is disclosed in note 24 to the financial statements.

FORMAT

The financial statements of Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) Plc have been prepared in accordance with the reporting and presentation requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the provisions of the Companies and Allied Matters Act, 2020. The Directors consider that the format adopted is the most suitable for the Company.

INDEPENDENT AUDITORS

Messrs. PKF Professional Services (Chartered Accountants) are the statutory auditors of NIRSAL Plc being eligible, have indicated their willingness to continue in office, in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

By Order of the Board

Dr. Hamisu Sani, Esq
FRC/2020/PRO/00000020464
FCT, Abuja

Company Secretar

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining 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 which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going concern:
The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity.

The financial statements of the Company for the period ended December 31, 2024 have been authorised for issue and were approved by the Board of Directors on……………………………………………………………………, 2025.

On behalf of the Directors of the Company

Mr. Sa'ad Hamidu effective November, 2024
Managing Director/ CEO

Mr. Muhammad Sani Abdullahi effective September, 2024
Chairman

NIRSAL

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024.

In line with the provision of section 405 of CAMA 2020, we the undersigned hereby certify the following with regards to the audited annual financial statements for the year ended December 31, 2024 that:

1. We have reviewed the audited financial statements and to the best of our knowledge:
   I. the audited financial statements do not contain any untrue statement of material facts or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

   II. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements;

2. We are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the companies, particularly during the period in which the audited financial statement report is being prepared;

3. We have evaluated the effectiveness of the Company's internal controls within 90 days before the date of audited financial statements, and certify that the Company's internal controls are effective as of that date;

4. We have disclosed to the Company's auditors and audit committee:
   I. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
   II. any fraud whether or not, material that involves management or other employees who have a significant role in the Company's internal control.
5. There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses

Mr. Sa'ad Hamidu effective November, 2024
Managing Director/ CEO

REPORT OF THE BOARD AUDIT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2024

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020 we, the members of the Audit Committee of NIRSAL Plc, having performed our statutory obligations under the Act, hereby report that:

I. The accounting and reporting policies of the Company for the year ended December 31, 2024. are consistent with legal requirements and ethical practices;

II. The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems;

III. The scope and planning of the statutory independent audit for the year ended December 31, 2024 are satisfactory;

IV. We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions.

Dr. Daphne Dafinone effective November, 2024
Chairperson, Audit Committee

Date:

Members of the Audit Committee are as follows;

Chairperson - Dr. Daphne Dafinone effective November, 2024
Member - Mallam Ado Yakubu Wanka effective November, 2024
Member - Dr. Bankole Allibay effective November, 2024

MANAGEMENT'S REPORT ON THE ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING AS AT DECEMBER 31, 2024

The Management of NIRSAL Plc is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

NIRSAL's system of internal control over financial reporting is supported with written policies and procedures, contains self-monitoring mechanisms, and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

In addition, the internal audit function provides its independent assurance on the effectiveness of the internal control over financial transactions by its structured review of financial activities

Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2024. In making this assessment, management used the COSO 2013 "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2024, the Company's internal control over financial reporting is designed and operating effectively. Additionally, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as of December 31, 2024.

Salawu Ruth Zainab effective January, 2025	Mr. Sa'ad Hamidu effective November, 2024
Head, Finance, Acounts & Investment	Managing Director/ CEO
Date:..........................	Date:..........................

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify that for the year ended December 31, 2024, the information which comprised the corporate information, Director's report, Corporate Governance report, statement of directors' responsibilities, remuneration policy, Board evaluation report, notice of annual general meeting, Chairman's statement, Managing Director/Chief Executive Officers' report are, to the best of my knowledge true, correct and up to date.

Thank you,

Dr. Hamisu Sani, Esq
FRC/2020/PRO/00000020464
FCT, Abuja

Company Secretary

Date:..........................

BOARD EVALUATION REPORT

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6 June 2022

The Chairman,
Nigeria Incentive-Based Risk Sharing System for Agricultural Lending Plc.,
Plot 1581, Tigris Crescent,
Maitama,
Abuja.

Dear Sir,

SUMMARY REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2021

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending Plc ("NIRSAL Plc") as prescribed by Principle 14.1 of the Nigerian Code of Corporate Governance (NCCG) and the SEC Corporate Governance Guidelines for the period ended, 31 December 2021.

Our responsibility was to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our letter dated 28th March, 2022. In carrying out the evaluation we have relied on the documents provided for our review, as well as representations made by members of the Board and Management.

The Board has complied significantly with the provisions of the Nigerian Code of Corporate Governance and the SEC Corporate Governance Guidelines. Areas of strengths include the Board's strategic leadership over the actualization of the Company's Strategy, the Board's oversight of the Company's financial performance and oversight of Management activities through its constituted Committees.

Areas of improvement and other findings highlighted in the course of our review are contained in the report.

We facilitated a Self and Peer assessment of each Director's performance in the year under review. This assessment covered the Directors' time commitment to the business of the Company, commitment to continuous learning and development and a self & peer assessment. Each individual Director Assessment Report has been prepared and made available to Directors respectively while a consolidated report of the performance of all Directors has been submitted to the Board Chairman.

Yours faithfully,

for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng *TIN: 01556757-0001*

Partners: S Abu, O Adekoya, O Adeola, T Adeleke, W Adetokunbo-Ajayi, A Akingbade, UN Akpata, O Alakhume, C Azobu, E Erhie, K Erikume, T Labeodan, U Muogilim, C Obaro, P Obianwa, C Ojechi, U Ojinmah, O Oladipo, W Olowofoyeku, P Omontuemhen, O Osinubi, T Oyedele, AB Rahji, O Ubah, Y Yusuf

CORPORATE GOVERNANCE

Introduction

Good corporate governance is not restricted to compliance with rules and regulations alone but includes compliance with the company's core values which, for NIRSAL Plc, include Innovation, Integrity, Professionalism, Accountability, Reliability & Transparency (I-PART). The Board ensures that proper application of corporate governance regulations and international best practices are imbibed.

It is important to ensure that the company complies with the requirements of the revised Nigerian Code of Corporate Governance, 2018 as well as the Central Bank of Nigeria Code of Corporate Governance.

Governance Structure

The Board of Directors of NIRSAL Plc is made up of seasoned professionals who possess the requisite knowledge, integrity, skills, and experience to give sound and independent judgment during deliberations and decision-making processes. The Board comprises Executive and Non-Executive Directors, headed by a chairman who is also a Deputy Governor of the Central Bank of Nigeria. Presently, the Board consists of six (6) members made up of five (5) Non-Executive Directors and one (1) Executive Director. The Non-Executive Directors are appointed based on criteria laid down by the Nigerian Code of Corporate Governance, 2018. The position of the Managing Director and Chairman are held by separate persons, with clearly defined roles.

The Board of Directors of NIRSAL Plc supervises and sets the overall direction for the Management. Its working methods are reflected in the Internal Regulations and the Board and Committees' Charters.

All members of the Board of Directors of NIRSAL Plc are independent in accordance with the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, (paragraphs 7.2.1 – 7.2.9).

Business Connections of Board Members with NIRSAL Plc.

In the 2024 financial year, there were no business connections between individual members of the Board of Directors, (including companies or organizations they represent) and NIRSAL Plc.

The Board Remuneration and General-Purpose Committee (Governance Committee) and the Board of Directors evaluate current and prospective members of the Board according to skill sets, experience, and competency matrix to ensure that an appropriate mix of relevant skills and experience is represented in the Board of Directors of the company. The matrix includes criteria relating to executive management expertise, board experience, relevant industry know-how, strategic thinking, agricultural value chain experience, technology experience, digital expertise, financial expertise, and corporate governance. In the nomination and evaluation processes, the Governance Committee, as well as the Board of Directors, are committed to consider, among other criteria, gender, age, nationalities, ethnicity, cultural background, beliefs, and mindset to establish balance in terms of diversity and inclusion.

The Governance Committee and Board of Directors use this information to create profiles for a time when the need arises to search for new directors.
Furthermore, an annual self-assessment exercise is conducted to evaluate the work of the Board of Directors to:

1. Ensure and enhance a comprehensive understanding of the company and the business.
2. Evaluate activities of the Board of Directors, its committees, individual members, and its chairman.
3. Make the best use of the human capital within the Board of Directors; and
4. Optimize efficiency and effectiveness of working methods to maintain/upscale cooperation among members of the Board of Directors and members of the Management.

Board Responsibilities
The Board leads and provides directions for the management by determining the strategic and objectives policies of the company and overseeing its implementation. The Board has delegated to the Managing Director its powers which relate to the operational running of the company.

Specific matters have been reserved for approval by the Board and include, but are not limited to the following:

1. Defining the company's Strategic Plans and Objectives
2. Ensuring integrity of financial reports
3. Approval of major changes to the company's accounting policies
4. Appointment and removal of Directors and the Company Secretary
5. Approval of charter and membership of Board Committees
6. Establishing effective internal control systems
7. Instilling a culture of compliance with rules and regulations
8. Formulating risk policies
9. Approval of quarterly, half yearly and full year financial statements
10. Ensuring planned Management succession
11. Effective communication with shareholders
12. Performance appraisal and compensation of Board members and Senior Executives.

As of December 31, 2024, the composition of the Board of Directors was as follows:

S/N	Name	Position	Appointment Year
1	Muhammad Sani Abdullahi	Chairman/Non-Executive Director	September 1, 2024
2	Sa'ad Hamidu	Managing Director/CEO	November 15, 2024
3	Ado Yakubu Wanka	Non-Executive Director	September 1, 2024
4	Daphne Dafinone	Non-Executive Director	September 1, 2024
5	Shehu Balarabe	Non-Executive Director	September 1, 2024
6	Bankole Allibay	Non-Executive Director	September 1, 2024

MUHAMMAD SANI ABDULLAHI, DEPUTY GOVERNOR, CBN – CHAIRMAN, NON-EXECUTIVE DIRECTOR

Muhammad Sani Abdullahi assumed duty as a Deputy Governor in the Central Bank of Nigeria on October 5, 2023. He graduated from Ahmadu Bello University, Zaria, in 2002, obtaining a Bachelor of Science (Bsc.) Honours degree in Economics. He also obtained a Master of Science (M.Sc) in Development Economics and Policy from the University of Manchester, United Kingdom, and a Master's Degree in International Relations from Ahmadu Bello University, Zaria, in 2009 and 2007 respectively. He has certifications in sustainable Development, advanced Project Management, Public Finance, Microsoft, Good Governance, and anti-corruption.

Before his appointment, he held critical roles in the government of Kaduna State, including serving as the Commissioner for Economic Planning and Budget for over five years and later as the Chief of Staff to the State Governor. In these capacities, he designed, coordinated, and implemented government policies across various sectors. He also served as the Chairman of the Infrastructure Council. His leadership extended to coordinating economic and social infrastructure projects across all 23 Local Governments in the State. His career spans the private sector, where he specialised in credit and risk management at Ecobank Nigeria Limited, and the public and international development sector. As a development economist, he held the position of a member of the World Bank Expert Advisory Council. He also served as a Policy Adviser at the Executive Office of the then United Nations Secretary-General Ban Ki-Moon in New York.

Earlier in his career, he worked as a Senior Economist at the Office of the Senior Special Assistant to the President on Millennium Development Goals (MDGs)-United Nations Development Programme (UNDP). In that position, he assisted in economic policy formulation and management of the Conditional Grants Scheme. He also helped in the effective targeting and management of Debt Relief towards the achievement of the MDGs.

Mr. Abdullahi also worked for organisations such as Athal Consulting, the Carter Centre, and the National Democratic Institute (NDI).

SA'AD HAMIDU, MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

Sa'ad Hamidu, born on October 10, 1964, is a seasoned professional with extensive experience across various sectors. He held pivotal roles at Central Bank of Nigeria (CBN) and Nigeria Incentive Based Risk Sharing System for Agricultural Lending (NIRSAL) between 2013 and 2024 including the position of the Ag. Managing Director including providing strategic leadership and direction towards ensuring the achievements of the organisational vision and mission.

Before working in CBN and NIRSAL Plc, Sa'ad Hamidu served as Assistant General Manager – Bank PHB between 2000-2010. His career spans executive positions at entities including Habib Bank Plc, UBA Plc, and New Africa Merchant Bank.

With academic qualifications in Agricultural Economics, and Masters in Banking and Finance. Sa'ad Hamidu is recognised for his contributions to various sectors of the economy. Committed to excellence, he continues to leverage his expertise to drive success in his endeavours.

ADO YAKUBU WANKA, NON-EXECUTIVE DIRECTOR

Ado Yakubu Wanka, born on January 6, 1955, is a seasoned professional with extensive experience across various sectors. He held pivotal roles at Unity Bank PLC from March 2008 to August 2013, including the position of the Managing Director/Chief Executive, overseeing strategic planning and stakeholder engagement. He also served as Group Executive Director for Risk Management & Controls and Executive Director for Retail Banking in the course of employment at the bank.

Before Unity Bank, Ado Yakubu Wanka was Executive Director Finance & Administration at Nigeria-Sao Tome & Principe Joint Development Authority (JDA) from August 2006 to March 2008. His career spans executive positions at entities including First Bank of Nigeria PLC, Gamji Bank of Nigeria PLC, FSB International Bank PLC and Encom Investments Limited. He is serving as Chairman on the boards of APT Securities and funds Limited, Tangerine APT Pensions and Funds Limited and at Encom Investment Limited. He is also a Director in Armeco Nigeria Limited.

With academic qualifications in Chemical Engineering and Master of Business Administration (MBA), Ado Yakubu Wanka is recognised for his contributions to various sectors of the economy. Committed to excellence, he continues to leverage his expertise to drive success in his endeavours. He is an alumnus of Harvard Business School (HBS) Boston, USA and the Institute of Management Development (IMD) Lausanne, Switzerland.

DR. DAPHNE DAFINONE, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Daphne Dafinone, born on February 6, 1966, is currently a Non-Executive Director on the Board of NEM INSURANCE Plc. She is a seasoned professional with extensive experience across various sectors.

She graduated from University of Manchester in 1987, obtaining a Bachelor of Arts (BA Hons) in Economics. She also obtained a Master of Science (M. Sc) in Internal Audit & Management in 1996 and a Ph.D. in Internal Audit and Corporate Governance in 2001. She is also a Professional Member (Fellow) of Institute of Chartered Accountants in England and Wales as well as a Fellow of Institute of Chartered Accountants in Nigeria (ICAN).

Prior to her current appointment, Dr. Daphne Oterie Dafinone has served as an Independent Director in Citibank Nigeria Limited from 2016 to 2024. She also serves as a Director in Ceddi Corporation Limited, Dafinone Consulting Limited and Sapele Integrated Industries Limited respectively, from 2022 till date.

Dr. Daphne Oterie Dafinone is recognized for her contributions to various sectors of the economy. Committed to excellence, she continues to leverage her expertise to drive success in her endeavours.

HON. SHEHU BALARABE, INDEPENDENT NON-EXECUTIVE DIRECTOR

Hon. Shehu Balarabe, born January 12, 1967, has had a long career spanning over three decades in the power, commerce and environment sectors in Nigeria's public service. He obtained multiple Degrees from Bayero University, Kano such as: Bachelor of Science Economics Education (B.Sc. Ed); Masters in Business Administration (MBA); Post Graduate Diploma in Management (PGD) respectively.

He served as the Honorable Commission in Kaduna and shortly after he served as a member of the House of Representatives between 2019 and 2023 under the banner of the All-Progressive Congress (APC). He has played a pivotal role in handling and managing key stakeholders with the aim of delivering results.

DR. BANKOLE ALLIBAY, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Bankole Allibay is an Environmental Social and Governance expert with knowledge and experience in providing a range of end-to-end sustainability solutions. He obtained his Bachelors of Arts (BA Hons) in Media & Sociology from Lagos State University. He obtained a Certificate in Business Process Management Professional from BP3M Council, Canada in 2010. In addition, he received another degree from Middlesex University, London, in 2017 as a Doctor of Sustainability and Social Performance.

He has an in-depth knowledge of international best practices such as The World Bank Environmental and Social Standards (WB ESF -2016), International Financial Corporation Standards (IFC-PS 2012), African Development Banks Integrated Safeguards Systems (AfDB ISS) etc.

With over 18 years of experience, Dr. Bankole Allibay has worked extensively in various sectors – including Mining, Oil and Gas, Transportation, Telecommunications, Renewable Energy, Industrial Agriculture etc.

DIRECTOR'S APPOINTMENT PROCESS, INDUCTION AND TRAINING

The Central Bank of Nigeria is responsible for leading the process for Board appointments and for identifying and recommending suitable candidates for the approval of the Board. In making Board appointments, the Board takes cognizance of the knowledge, skill, experience and other qualities considered necessary for the role. The appointment of Directors is subject to the approval/confirmation of the Shareholders.

The Board ensures that members are trained on issues relating to their oversight functions and other related functions. Directors are required to partake in periodic relevant continuing professional development programmes to update their knowledge, skills and to keep them abreast of new developments in the industry and operating environment.

TENURE OF DIRECTORS

The tenure for Non-Executive Directors is limited to a maximum of two (2) terms of five (5) years each. Also the maximum tenure for Executive Directors is limited to a maximum of two (2) terms of five (5) years each.

BOARD MEETING ATTENDANCE

To perform its oversight function and monitor the Management's performance effectively, the Board of Directors of NIRSAL Plc meets at least every quarter in a year. The Board places a lot of emphasis on attendance by all Directors, except on rare cases where non-attendance is unavoidable. The attendance record of Directors is one of the major criteria for re-election.

In recording details of what transpires during every Board and Board Committee meeting, minutes are prepared and sent to all Directors on a timely basis. Such minutes are formally reviewed and approved by members of the Board or relevant Board Committees at its next meeting.

The schedule below shows a record of the attendance of each member of the Board of Directors during the 2024 year of governance assessment:

S/N	NAME	MEETING	MEETING	MEETING	MEETING
		*N/H	SEPTEMBER 10	NOVEMBER 15	DECEMBER 17
1	Muhammad Sani Abdullahi		√	√	√
2	Sa'ad Hamidu		√	√	√
3	Ado Yakubu Wanka		√	√	√
4	Daphne Dafinone		√	√	√
5	Bankole Allibay		√	√	√
6	Shehu Balarabe		√	√	√

***N/H – No Meeting Held**

BOARD CHANGES

There have been some changes in the Board Composition since the last Annual General Meeting held on June 22, 2021. Specifically, the Shareholders of NIRSAL Plc at its 1st Extra Ordinary General Meeting held on the August 30, 2024, dissolved the previous Board and Executive Management and appointed the above mentioned Directors. The Board Members were inaugurated at the 21st Board Meeting held on September 10, 2024.

Following the reconstitution of the Board, and to promote a culture of informed decision-making, effective oversight and good corporate governance, the Board approved, at its 22nd Meeting held on November 15, 2024, the composition of Board Committees as follows:

(a) Board Remuneration and General-Purpose Committee

S/N	NAME OF MEMBER	STATUS OF MEMBER
1	Mallam Ado Yakubu Wanka	Chairman/Non-Executive
2	Dr. Daphne Dafinone	Member/Non-Executive
3	Hon. Shehu Balarabe	Member/Non-Executive

(b) Audit Committee

S/N	NAME OF MEMBER	STATUS OF MEMBER
1	Dr. Daphne Dafinone	Chairperson/Non-Executive
2	Mallam Ado Yakubu Wanka	Member/Non-Executive
3	Dr. Bankole Allibay	Member/Non-Executive

(c) **Board Risk Management Committee**

S/N	NAME OF MEMBER	STATUS OF MEMBER
1	Dr. Bankole Allibay	Chairman/Non-Executive
2	Dr. Daphne Dafinone	Member/Non-Executive
3	Hon. Shehu Balarabe	Member/Non-Executive
4	Mr. Sa'ad Hamidu	Managing Director/CEO

(d) **Board Technical Assistance and Rating Committee**

S/N	NAME OF MEMBER	STATUS OF MEMBER
1	Hon. Shehu Balarabe	Chairman/Non-Executive
2	Dr. Bankole Allibay	Member/Non-Executive
3	Mallam Ado Yakubu Wanka	Member/Non-Executive
4	Mr. Sa'ad Hamidu	Managing Director/CEO

Executive Management Committee

The Executive Management Committee is the highest Management Committee comprising of the Managing Director and the Executive Directors of the company. This Committee review and implement the Board's broad strategic direction in various areas including business & financial performance, strategic planning, manpower planning, operations, customer service, investor relations, external relations, and organizational efficiency amongst others.

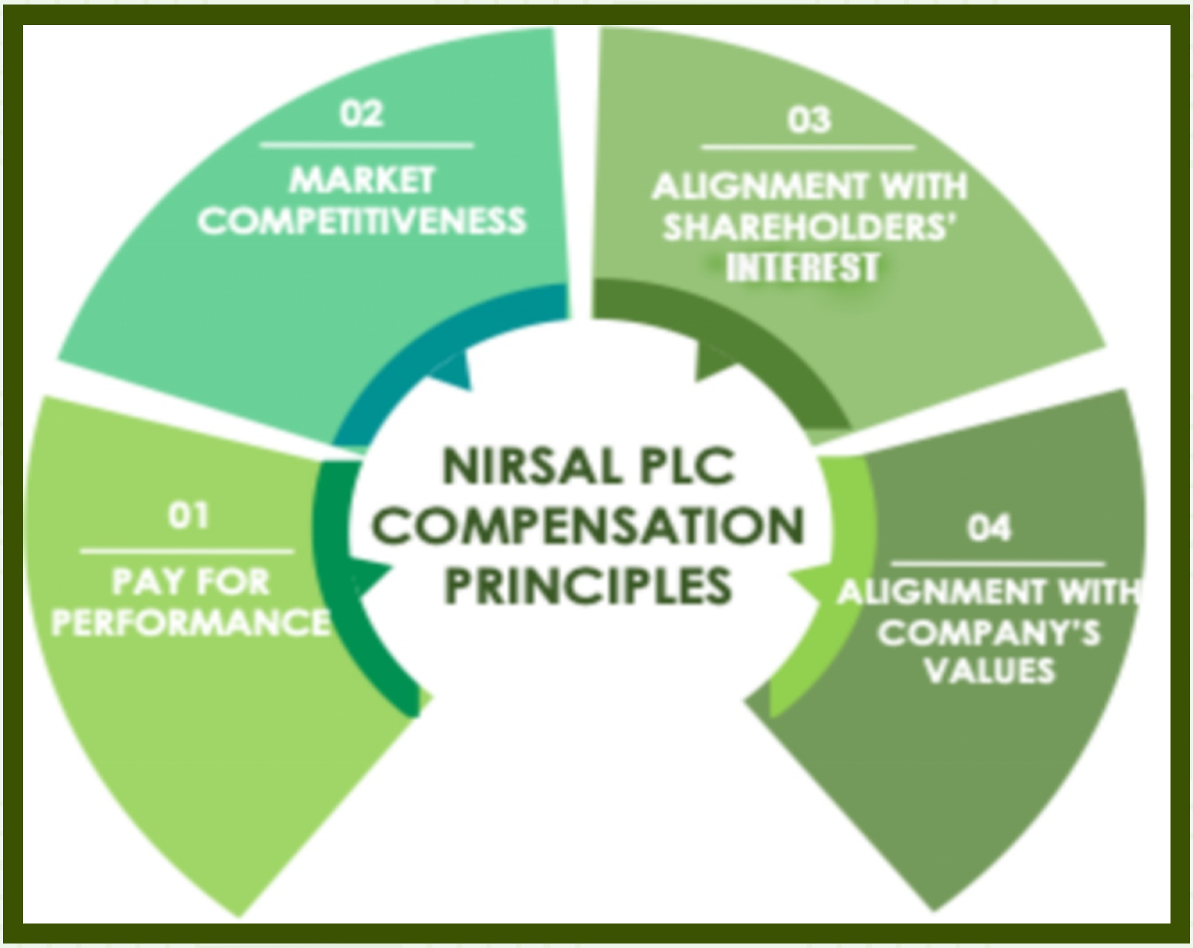
Company Secretary

The Company Secretary is responsible for assisting the Board and Management in the implementation of the applicable Codes of Corporate Governance. The Company Secretary serves as a point of reference and support for all Directors in this regard. He is empowered to discharge these responsibilities and reports directly to the Board, with dotted line to the Managing Director.

Compensation Policy and Principles

NIRSAL Plc's objective is to engage the best talents needed to ensure its success and maintain its position as an enabler of a productive agriculture

sector by providing innovative solutions to solve the issues and challenges in food and cash crop production end-to-end. To support this objective, our compensation system is based on the following principles:



Performance
Compensation rewards best-in-class performance. A large portion of compensation depends on the company's performance and individual contribution. We recognize short-term success and long-term value creation through a well-balanced combination of incentive plans.

Market Competitiveness
To be able to attract, motivate and retain talented executives and employees, compensation periodically benchmarked and is in line with competitive market practice.

Alignment with Shareholders' Interest
A substantial portion of the compensation of the Board of Directors and the Management team is tied to Shareholder's overall interest.

Alignment with Company Values
Compensation incentivizes behaviors that are in line with our vision of transforming the economy, delivering inclusive growth and positively impacting lives; we drive Agric innovations, we strive for excellence, we take accountability, and we build the best team.

The compensation of the Board of Directors consists of a fixed compensation, paid wholly in cash quarterly. The independence of the Board of Directors in its supervisory function is reinforced by the practice that no performance-related compensation is awarded.

The compensation of the Executive Directors consists of fixed and variable, performance-based components. The base salary and benefits form the fixed components and are determined based on current market practice. Performance targets for the short-term are normally defined at the beginning of each financial year and assessed at the end.

To avoid compensation for inappropriate risk taking or short-term profit maximization at the expense of the long-term health of the company, a cap applies to both the short-term and the long-term variable compensation components and claw-back provisions are applicable to bonuses and other performance related compensation where it is discovered that such compensations were wrongly earned.

Board of Directors Competence

The Board of Directors' competence process evaluates each member against a set of pre-defined competencies and skill sets. The competency relates to specific requirements which are relevant to NIRSAL and compiled in the Board of Directors competence matrix.

Given the overall balance in NIRSAL's Board of Directors in terms of professional skills and expertise, background, international experience, length of service, and general diversity, the Board of Directors remains confident that it is well-positioned and experienced in ensuring that its members exercise independent control and supervision of the company. The seeming gender skewness is a matter of priority for the Board and shall be addressed.

Fees for members of the Board of Directors are structured to be consistent with the principle of independence. The Chief Executive Officer and Executive Directors are neither paid sitting allowances nor Directors' Fees. Their remuneration however encompasses recompense for time spent on the Board, its committees, and related work. In a similar vein, Non-Executive Directors do not receive performance-based compensation as it may lead to bias in their decision-making and compromise their objectivity.

Governance and Shareholders' Involvement

Authority for decisions related to compensating members of the Board of Directors and the Management team are governed by NIRSAL's Compensation Policy and in strict adherence to the governance directives from Shareholders.

In addition, NIRSAL Plc submits the compensation report to the Central Bank of Nigeria annually, to allow the Shareholders to express their opinion on the compensation of the previous financial year.

SUSTAINABILITY REPORT

Introduction
At NIRSAL Plc, it is a common understanding that the importance of sustainable finance in achieving the objectives for which the company was set up – alongside positive environmental, economic, social and governance impacts – can never be over emphasised. Since inception in 2013, sustainability was woven into the fabric of our business model and strategy and as a sustainable institution, NIRSAL Plc is not only interested in strong financial performance but also in environmental and social protection, especially as our mandate relates solely to developing agribusiness with full cognizance of the attendant consequences on the environment. We continue to ensure that our environmental and social management strategy aligns with global standards while devising innovative ways of enhancing our environmental, economic, social and governance performance.

Our continued quest to understand sustainable agricultural finance practices has facilitated the conservation of our resources, improved relationships with stakeholders (shareholders, clients, employees, suppliers, regulators, and communities), and managed/mitigated risks that may otherwise hinder our success as an institution. We have taken into consideration the impact of our business operations and activities on people and the environment. We track our environmental and social footprints and encourage our borrowing clients and investees to do the same.

We remain committed to the Sustainable Development Goals (SDGs) of the United Nations (UN) through the creation of an avenue for our stakeholders to flourish. As a subsidiary of the Central Bank of Nigeria (CBN), we continue to support government efforts geared at achieving the SDGs.

This Sustainability Report reflects our journey in the year 2024, highlighting various initiatives undertaken by NIRSAL Plc to ensure that we remain a sustainable non-bank financial institution in line with our Sustainability Framework.

NIRSAL's Sustainability Framework and Reporting Scope
Our disclosures are primarily guided by the United Nations Global Reporting Initiative (GRI) Standards, Nigeria's Nationally Determined Contribution (NDC) commitment, the United Nations Development Program (UNDP, as a partner), the Carbon Disclosure Project (CDP), and the UN Guiding Principles on Business.

Our sustainability vision in NIRSAL Plc is to create and protect shared value for the Company and our stakeholders through responsible economic, environmental, social and governance practices. Our sustainability framework goes beyond traditional models of focusing on environment, social and

governance matters to include economic value that is shared with our stakeholders, which in turn provides broader socio-economic benefits to society. Sound corporate governance, ethical conduct, robust risk management and regulatory compliance are the foundations of our shared-value approach and our long-term sustainability.

In line with our sustainability vision, our sustainability framework consists of the following three (3) pillars:

1. Creating sustainable economic, financial, and technological innovations that enhance lives through agriculture, address barriers to agricultural finance, and reduce the agriculture-finance divide.
2. Building sustainable communities through the promotion of healthy and safe working conditions to manage change in the workplace, diversity, and inclusion, and investments in our broader society.
3. Utilising and promoting environmentally friendly practices to reduce the negative environmental impact of NIRSAL and NIRSAL-partner operations.

In line with the three (3) pillars of NIRSAL's sustainability framework, the scope of our report covers our efforts to create sustainable economic, financial, and technological innovations for our stakeholders; as well as our scorecard in the implementation of NIRSAL's mandate of de-risking agriculture and facilitating agribusiness. This report covers operations in all our operating locations across the 36 States of the Federation and the Federal Capital Territory, with information sourced from various applicable information management systems, and Management/Board Reports. Additionally, data is obtained from stakeholder engagements, surveys, research, and benchmarking.

NIRSAL's 2024 Sustainability Performance

We are committed to creating long-term value for our esteemed stakeholders in NIRSAL Plc. Through our responsible approach to de-risking agriculture and facilitating finance into agricultural value chains, we continue to develop and implement initiatives to create value for our agriculture finance and agriculture value chain stakeholders.

Our sustainability effort in 2024 provide a balanced, accurate and accessible overview of our sustainability strategy and performance relating to the most material economic, environmental, social, and governance impact of our operations.

Economic

In 2024, Bank Lending to Agriculture of Total Credit was 3.95%. The volume of finance facilitated by NIRSAL from all sources, was NGN 23.9 billion. The number of Obligors issued with NIRSAL CRG was 26 with 0.00% of Bad Loans in NIRSAL CRG Portfolio. The number of Obligors who were in receipt of IDB payments were 6 and the amount of IDB paid to qualifying Obligorswas **NGN8,355,913.52.**

No CRG crystalised during the period under review. The value of loans under NIRSAL's active CRG portfolio as at December 31, 2024 stood at N23.90 billion, from **NGN33.58** billion in 2023. There was a reduction in NIRSAL's Portfolio-at-Risk (PAR) (contingent liability) standing at **NGN12.04 billion** from **NGN17.22 billion** as at end of 2024. To ensure reduced risk crystallisation, NIRSAL's credit risk mitigation measures in place include:

a. Continuous monitoring and reporting of all CRG-backed projects.
b. Within the quarter, pre-guarantee inspection visits to several project sites were conducted and careful due diligence of the Counterparties was conducted before issuing out the Credit Risk Guarantees.
c. Existence of the CRECO to review potential transactions, evaluate risks inherent and proffer possible mitigants.
d. Existence of a robust Credit Approval Policy.
e. Existence of Credit Life Insurance in an event of obligor's death
f. Procurement of relevant Insurance policies for all collaterals and operational Assets by the obligor
g. Background check and due diligence by Risk Management and Legal Business Units to further ringfence all CRG transactions.

In delivering its mandate, NIRSAL Plc focused on five (5) broad areas in 2024:

1. Deal Generation and Project Sourcing.
2. Commercialisation of Agribusiness Risk Management Solution (ARMS) services and other Business Advisory Services by NIRSAL Plc.
3. Loan Management, Repayment and Recovery.
4. Expanded Value Chain Fixing and Finance Facilitation Solutions
5. Partnerships for Results at Scale.

Environment

Our mandate and objectives are related directly to the agricultural sector with associated consequences on the environment. This necessitated, amongst other things, the setting up of a dedicated business unit called Climate Smart Agriculture & Renewable Energy (CSARE) to cater to climatic and environmental issues. This Unit has engaged the Federal Ministry of Environment and United Nations Development Programme (UNDP) severally on the actualization of Nigeria's Nationally Determined Contributions (NDC) commitment.

Nigeria, under the leadership of President Muhammadu Buhari, signed up its commitment to achieve the 2030 Nationally Determined Contributions (NDC) target at the Paris Accord in COP22. NIRSAL has aligned with this policy directive for the pursuit of climate compatible development in Nigeria.

In NIRSAL's analysis, close to 30% of the NDC Goals for Nigeria are achievable via sectoral focus on agriculture alone. As such, NIRSAL is not only conscious of sustainability but proactive about it, understanding that our efforts in growing

the agricultural sector must be sustainable and not detrimental to the environment. The Climate-Smart Agriculture and Renewable Energy Business Unit of NIRSAL Plc is saddled with the responsibility of charting the Company's operational course in pursuit of climate-smart approaches to agriculture which support environmental conservation. The business unit developed 4 agribusiness models with embedded climate-smart, soil and water conservation solutions including the introduction of the use of Climate-smart Agriculture Enablers such as Field Mapping; Soil Testing; GIS and Satellite Monitoring of farm fields and patterns; Precision Agriculture; improved and organic agricultural inputs for disease/weather resistance, early maturity and improved yields; climate-smart good agronomic practice (GAP) training for farmers where 300 agricultural value chain actors, facilitators and NIRSAL staff were trained on climate-smart practices in agriculture; and the introduction of Off-Grid Renewable Energy solutions and community-inclusive approaches on NIRSAL-supported agricultural projects.

NIRSAL Plc, led by the National Council on Climate Change (NCCC), is working towards registering as a Direct Access Entity (DAE) under the Green Climate Fund (GCF) which, upon completion, would afford it the opportunity to access global climate funds for Climate-smart Agriculture pipeline projects in line with Sustainable Land Use as captured in Nigeria's NDC Document on behalf of the Government of Nigeria.

Social

NIRSAL Plc puts Corporate Social Responsibility (CSR) at the heart of strategic business objectives as a full-fledge subsidiary of a public sector institution. We are committed to enriching the lives of the people within the communities where we operate. Of importance to the company is the quest to seek the collective good in our communities of operation. We are always happy to promote best practices even in remote areas and promote community growth on a sustainable basis. Our CSR strategy stands on two pillars, namely: community development and environment.

NIRSAL Plc is keen about increasing youth participation in agriculture which is critical to realizing the dream of a modern, technology-driven and optimized agriculture sector. Consequently, NIRSAL has developed youth-focused agribusiness models and intervention programmes to attract young people, thereby creating opportunities for youth engagement, employment and wealth creation in agriculture and agribusiness. These efforts are aimed at reducing social issues caused by youth unemployment including restiveness and mass migration. To sustain our community development efforts, NIRSAL Plc developed the NIRSAL Youth in Agribusiness model (NYiA) and supported several other initiatives targeting the youth, women, and other vulnerable segments of the population.

Governance

NIRSAL Plc subscribes to the Code of Corporate Governance for public companies by the Financial Reporting Council of Nigeria ("the National Code"). NIRSAL's corporate governance practices continue to be informed by the practices enshrined in the CBN Code of Corporate Governance for Development Finance Institutions and the Securities and Exchange Commission's Code of Corporate Governance for public companies.

With support from the Central Bank of Nigeria (CBN), NIRSAL periodically and consistently engages standard corporate governance consulting firms to assess its corporate governance, risk management, and internal control architecture and business practices, against the benchmark of regulatory authorities and leading international best practices. These evaluations reveal that NIRSAL Plc's business practices largely align with both regulatory and international best practice requirements. Several recommendations from these assessments were adopted and implemented to ensure that the company's corporate governance architecture remains viable. NIRSAL will continue to keep its standards in accordance with leading practices which shall continuously upscale the company's governance practices and enhance its premier status within the industry.

The primary role of the Board of Directors of NIRSAL Plc is to provide effective leadership, entrepreneurial and strategic direction for the Company as well as to promote ethical culture and responsible corporate citizenship in the protection and enhancement of long-term shareholder value. To this end, the Board develops the overall strategy for the company and supervises the Management team in the attainment of that strategy, cautioned by the need for the Management team to act in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight role, the Board keeps under review the company's information security and performance monitoring systems, the system for Internal Controls, Compliance, Risk Management, Governance and Financial reporting.

The Board sets out both the long and short-term strategic objectives of the company and undertakes a continuous assessment and review of its activities including those of its committees, individual directors, and the Management team to ensure its optimal functionality. This will enable the Board to have adequate information to provide technical support when required to attain the business objectives of the company.

To effectively discharge its responsibilities, the Board of Directors ensures that it always has an appropriate balance of skill sets, competencies, and experiences, which serve to enhance its performance, independence, and integrity. The Board also pays close attention to diversity (gender, age,

background, etc) in its composition and those of its committees, and the Management team.

The Board is composed of six (6) directors, five (5) of whom are Non-Executive Directors and one (1) is the Managing Director/Chief Executive Officer of NIRSAL Plc. The Board is headed by a Chairman, who is a Non-Executive Director. There is a separation in the roles of the Chairman and the Chief Executive Officer. The Chairman is responsible for providing overall leadership for the company and the Board, as well as eliciting the constructive participation of the directors in the affairs of the Board and the Company.

The Managing Director/Chief Executive Officer is the head of Management team and runs the affairs of the company as delegated by the Board. NIRSAL Plc has a Delegated Authority framework which details the delegation of authority, from the Board to its Committees and the Management.

The Non-Executive Directors contribute their knowledge, expertise, and judgement on issues of strategy and performance. They provide a unique linkage between the organisation and its institutional shareholders, ensuring that NIRSAL continues to enjoy the support of its shareholders and development partners alike.

NIRSAL SUSTAINABILITY APPROACH

The innovative, sustainable, and cost-efficient transformation brought about by NIRSAL's institutionalized risk sharing approach to Nigerian agriculture is gaining increasing attention by a myriad of actors around the world. These include:

- Foreign technical and financial investors interested in the Nigerian and African markets are seeking de-risked structures and models, channels, and platforms for the flow of their investments.
- Countries seeking to set up alliances, bilateral relationships, and partnerships with Nigeria on agricultural trade and services.
- Development agencies interested in building evidence and learning lessons on how blended finance is working sustainably on a practical basis.
- Development agencies and donors seeking to understand how the risk sharing interventions can be adopted and adapted to other countries of interest; etc.

NIRSAL's strategic international engagements generate opportunities and partnerships for the Company to facilitate the flow of foreign direct investment such as finance, technology, and manpower – into Nigeria's agricultural value chains.

NIRSAL Plc continues to support the efforts of the Federal Government of Nigeria in achieving the Sustainable Development Goals (SDGs) through our finance facilitation activities for sustainable agricultural projects and value chain de-risking through the development of innovative agribusiness models.

Specifically, our activities in 2024 contributed towards the attainment of the SDGs as follows:

S/N	SDG Description	NIRSAL's Activities in Support of SDG
1	End poverty in all its forms everywhere	NIRSAL's continuous facilitation of financing into various agricultural value chains, ensuring equality and representation for its workforce and focusing on climate smart activities has helped create opportunities for millions of Nigerians thereby sustaining livelihood.

S/N	SDG Description	NIRSAL's Activities in Support of SDG
2	End hunger, achieve food security improved nutrition and promote sustainable agriculture	Facilitating and channelling financing into various agricultural value chains, thereby fixing broken value chains has accelerated food security nationwide.
3	Ensure healthy lives and promote well-being for all at all ages	Abundant and affordable food items resulting from the increase in agricultural activities funded by NIRSAL facilitated agribusiness has improved lives and wellbeing of Nigerians.
4	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work	NIRSAL's interventions have helped to create and sustain over a million direct and indirect jobs nationwide.
5	Take urgent action to combat climate change and its impacts	Various initiatives were developed by NIRSAL's dedicated Climate Smart Agriculture & Renewable Energy Business Unit to combat climate related challenges one of which is to equip farmers with Climate-smart agricultural processes.
6	Strengthen the means of implementation and revitalize the global partnership for sustainable development	A stronger commitment to partnership and cooperation is needed to achieve the SDGs. NIRSAL continues to collaborate with various development partners to achieve its objectives especially those directly related to the SDGs. Also, NIRSAL has been sharing the knowledge of its processes to other African countries to help them set up a similar risk sharing facility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

NIRSAL's Environmental, Social and Governance (ESG) strategy is integrated into our overall business strategy which we strive to optimize with high intensity. An ESG Management Team was established to oversee and further develop the company's ESG strategy, including sustaining commitments and targets, as well as monitoring progress on key performance indicators and initiatives.

The ESG Management Team meets at least once in a quarter and consists of the CEO, select members of the Management team. Progress on ESG targets is reviewed regularly by the Executive Management Team and ESG targets constitute an important element of Management short and long-term business targets. Some of the key ESG topics in NIRSAL Plc include climate change (particularly as it relates to food and cash crops production cycles), Diversity & Inclusion (D&I), talent development & employee engagement, responsible supply chain management, data privacy and digital ethics.

NIRSAL's tax principles provide high level information on procedures and internal guidelines for tax compliance throughout the enterprise. Responsible behavior includes full compliance with tax laws and regulations at all times. Good governance is supported by a regular dialogue on ESG topics with subject matter experts, advisors, shareholders, and by NIRSAL's continuous active risk-management-interrogations and compliance functions.

ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM (AML/CFT) GUIDELINES

AML/CFT Framework
NIRSAL Plc is committed to the fight against all forms of financial crime, including money laundering, financing terrorism, bribery, and corruption, etc. To show this commitment, the company has continually implemented a framework for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and the Prevention of the Financing and Proliferation of Weapons of Mass Destruction. Strict adherence to this framework is mandatory for all employees.

The company's framework ensures compliance with AML/CFT legislation and regulations in Nigeria and has incorporated leading international best practices including but not limited to:

- The Financial Action Task Force (FATF) 40 Recommendations.
- Money Laundering (Prohibition) Act 2011(as amended).
- Terrorism (Prevention) Act 2011 (as amended).
- CBN AML/CFT Regulations 2013.
- Terrorism Prevention Regulations 2013.
- Corrupt Practices and Other Related Offences Act, Cap. C31, Laws of the Federation of Nigeria, 2004 ("the Act").
- UK Bribery Act 2010.
- USA Foreign Corrupt Practices Act.
- Central Bank of Nigeria (CBN) Circulars.

Structure of the Framework
The company has developed policies and procedural guidelines which are reviewed/revised periodically to ensure that they remain relevant, current and in line with the evolving regulatory requirements and best practices. These policy and procedure documents clearly articulate the company's strategic AML and CFT stance in the global fight against financial crime and are available on the company's intranet site for easy and timely access by all employees.

The company has moved away from a "rule based, tick box" approach of combating financial crime to a risk-based approach. Consequently, NIRSAL Plc identifies and assesses risks from a proactive stance and allocates the requisite resources centred around systems and controls setup to manage these risks.

Scope of the Framework
The scope of the NIRSAL Plc AML/CFT framework includes the following:

(I) Board and Management Responsibilities
In accordance with AML/CFT global best practice, the "tone is set from the top". The Board of Directors of NIRSAL Plc has oversight responsibilities for the AML/CFT

framework. The Board ensures that the Company's Management teamand all employees adhere strictly to all regulatory and internal procedures relating to AML/CFT and that the institution maintains a zero-tolerance threshold to regulatory infraction.

(ii) Know Your Client (KYC) Procedures

To ensure that only clients that align with the company's risk appetite are on-boarded, identification documents and other relevant information are provided. This is the foundation/ bedrock for onboarding a client/vendor/supplier/consultant in the company. Client Due Diligence (CDD) is conducted prior to entering any business relationship with clients/vendors/suppliers/consultants etc. This includes, at a minimum, identity and address verification as well as ascertaining the source of income and wealth of such clients.

As part of the company's KYC and CDD procedures, identification documents are requested and obtained to confirm the ultimate beneficial owners of a business and the organization's control and structure. Sanction screening is also conducted prior to entering business relationships as well as prior to effecting a transaction to ensure that the company does not enter a business relationship with a sanctioned person/entity.

(iii) Sanctions Compliance Management

As a policy, the company does not enter any business relationship with sanctioned individuals/entities. All employees, as applicable to their functions, are required to screen names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/through the company against the institution's internal watchlist.

The internal watchlist contains, amongst others, the names of individuals and entities who have been blacklisted by various regulatory bodies worldwide: Office of Foreign Asset Control (OFAC); European Union (EU); Her Majesty's Treasury (HMT); The Ministry of Economy, Finance, and Industry in France (MINEFI); The United Nations (UN), and The Local List as provided by local
regulatory and enforcement bodies.

Employees are required, as part of the company's policy, to refrain from any relationship and/or transaction which yield a true or positive match and follow the escalation procedure.

(iv) AML/CFT Principles for Banking

NIRSAL Plc only on-boards and maintains banking relationships with financial institutions that have implemented adequate AML/CFT policies and procedures. The Company does not enter any form of relationship with shell companies. The Company ensures that due diligence, including adverse media searches, are performed annually on our correspondent relationships to mitigate potential AML/CFT risks.

(v) Record Retention

In accordance with regulations, client identification documents are retained throughout the life of a transaction and for five (5) years after the cessation of any business relationship. Transaction instruments are retained for five (5) years after the transaction date. In litigation and/or regulatory investigations, the records will be kept for as long as they are required.

(vi) Data Protection

The Company has a duly approved Data Protection Policy which is revised on an ad-hoc basis to reflect the legal, regulatory, and operating environment. The Company adheres strictly to both local and international data protection policies such as the National Data Protection Regulations and the European Union General Data Protection Regulation (EU-GDPR.)

(vii) Anti-Bribery and Corruption (ABC) and Anti-Fraud

The company upholds the highest standards of ethical conducts in all its activities and interactions. NIRSAL has zero tolerance for any form of bribery, corruption, fraud, and unethical practices among employees, between the company and its employees, as well as between the company and external parties. The company also expects the same standards to be applied by third parties acting on behalf of the company.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

In line with NIRSAL's prudent risk management strategies and unique operating landscape, the Internal Control and Risk Management System is deliberately designed to ensure the effectiveness and efficiency of the Company's operations by mitigating errors and anomalies towards the realization of corporate objectives.

The Company operates an integrated assurance policy that aimed at aligning assurance processes in the organisation to maximize risk and governance oversight and control efficiencies by optimizing overall assurance to the Executive Management, Board Audit Committee, and Board Risk Committee, considering NIRSAL's risk appetite.

NIRSAL's risk response options encompass all possible Management responses to risk, whether viewed as opportunities, uncertainties, or hazards. Inherent risks are either avoided, mitigated/treated, transferred, or accepted in line with the company's risk appetite.

The Internal Control and Risk Management System comprises the following:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

This system was designed to ensure effectiveness and efficiency of operations, reporting and compliance organization-wide, across directorates, operating units, and functions.

Control Environment

In harmonizing risk, governance, and control methodologies aimed at enhancing the control functions within the company, NIRSAL Plc has the Board Risk Committee and the Board Audit Committee which are saddled with the oversight function of the Risk Management Processes. The committees are responsible for such risk management processes that ensure that the risks inherent in NIRSAL's business environment are identified, mitigated and controlled.

To support that function, there is an Audit Committee setup to perform an independent oversight function which includes ensuring quality of internal controls, accounting policies, and ensuring that independent and objective

statutory auditors are in place to prevent and detect fraud and errors in financial reporting.

NIRSAL's control system revolves around a controlled environment, which impacts on both individual and collective behaviour. The company's business environment is established by policies, procedures, and manuals, which are enforced by an organizational structure with defined roles, duties and authority based on shared principles.

The Board of Directors have implemented an effective internal control system, with clearly defined responsibilities that the Internal Control & Compliance Business Unit oversees. The Audit Committee of the Board is responsible for overseeing financial reporting obligations, rules, and important accounting principles.

Instructions for delegation of responsibility, manuals, policies, and procedures, such as the NIRSAL Code of Conduct and the Policy for information, finance, and credit risk guarantee, as well as the accounting manual, specify the boundaries of responsibilities and authority. All NIRSAL staff are held accountable for adhering to these internal principles, which are part of the company's overall control framework along with applicable laws and regulations.

NIRSAL's internal control policy outlines who is responsible for internal control. Each of NIRSAL's business units must have adequate internal controls in place. Control activities must, at the very least, address the most important threats the Company has identified. Executive Management is ultimately responsible for ensuring that control measures are in place.

Risk Assessment
In assessing risks, the Board of Directors and the Management team periodically assess the risks that the Company is exposed to in order to ensure adherence to sound risk management procedures. The various committees meet regularly to assess the credit, market, liquidity, legal and reputational risks NIRSAL faces. Additionally, the Management Committee regularly reviews and considers the existing controls, their adequacy and effectiveness towards mitigation of risks identified in the financial reporting process.

The company continues to invest in state-of-the-art equipment and technologies that enable collaboration and remote management of its risks to enhance the synergy between the assurance providers.

The risk assessment process includes identifying the dangers associated with major accounts in the company's financial reports failing to meet fundamental standards, such as being accurate in their valuation and reporting. Theft or loss

of an individual's asset is a danger. In NIRSAL Plc, several processes that generate transactions that end up in accounts with high financial reporting weight were discovered. Key hazards are recognized and documented for each process.

Internal Audit Risk Assessment
The Internal Audit Business Unit performs annual risk assessments to ensure that audit resources are focused on high-risk areas with significant impact on the realization of NIRSAL's corporate objectives.

The internal audit plan is approved by the Board Audit Committee (BAC) with the status of the audit plan performance reported by the Head of Internal Audit on a quarterly basis.

Periodic Independent Assessment of the Internal Audit Process
In conformity with regulatory requirements, NIRSAL's Internal Audit Business Unit performs quality assurance regularly to access various functions and their conformity to regulatory standards and also identifies areas of possible process.

Control Activities
NIRSAL's internal control framework is the basis for the company's day to day operations. The control structure is designed to provide assurance and to ensure that control activities are well defined in every business process to continuously safeguard the assets of the company.

Financial reporting accuracy and process efficiency is ensured by control activities which mitigate identified risks. In order to avoid, discover, and remedy errors and anomalies, control activities comprise both general and detailed checks. The NIRSAL control system incorporates, documents, and tests the following safety measures:

· Manual – Assessing the risks associated with financial reporting and implementing measures to reduce those risks. Controlling journal entries, reconciliations, access privileges, and the segregation of duties are critical controls that minimize errors in finance processes.

- Application Controls and IT General Controls – This protects the IT infrastructure and critical applications. Controls over change management, user administration, and backup procedures are just a few examples of critical IT general controls while application controls ensure integrity, completeness and accuracy of input, processing and output of mission critical applications.

- Entity-wide Controls – To safeguard and improve NIRSAL Plc's control environment. Controls over the company's policies, accounting principles, delegation of authority, and financial reviews are examples of essential entity-wide controls.

- Top Management Reviews

Audit Reports with details of control weaknesses, recommendations and resolution timelines are presented periodically to the Board Audit Committee by the Head of Internal Audit Business Unit.

- Quarterly reports

Quarterly reports of NIRSAL's performance are presented to the Board, capturing Enterprise Risks facing the company and the mitigants.

- Activity Control

Control functions are embedded within each business area for self-checking of activities within the areas. For instance, transactions call-over for timely detection of errors.

- Physical Controls

NIRSAL has put in place robust policies that guide the company's physical and human assets including comprehensive insurance of all assets.

- Compliance with Limits

In accordance with its guidelines, NIRSAL Plc sets limits guiding its guaranteeing role. The limits are monitored and managed.

- Approval and Authorization Limits

NIRSAL Plc has approval authorities. No single individual can independently approve or create risk assets. Limits exist for both risk assets (CRG, investments) and expense approvals. Credit Committee consists of Executive Management team and other Senior Management staff. Expense transactions are only approved at appropriate levels.

- Verification and Reconciliations