FCMB Group Plc

Unaudited Annual Financial Statements

Year ended 31 December 2022

FCMB GROUP PLC
UNAUDITED ANNUAK FINANCIAL STATEMENTS - 31 DECEMBER 2022

Contents

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
In thousands of Naira	**Note**	**31 DEC 2022**	**31 DEC 2021**	**31 DEC 2022**	**31 DEC 2021**
Gross earnings		**281,753,674**	212,012,446	**5,198,310**	6,461,307
Interest and discount income	8	**217,990,781**	162,041,604	**566,314**	433,307
Interest expense	9	**(97,582,434)**	(71,127,766)	**(6,858)**	-
Net interest income		**120,408,347**	90,913,838	**559,456**	433,307
Fee and commission income	11a	**44,033,664**	35,593,197	**1,054,476**	738,858
Fee and commission expense	11b	**(10,024,556)**	(6,840,210)	**(1,347)**	(490)
Net fee and commission income		**34,009,108**	28,752,987	**1,053,129**	738,368
Net trading income	12	**12,837,124**	9,367,136	**-**	-
Net income from financial instruments mandatorily measured at fair value through profit or loss	13	**-**	-	**-**	-
Other revenue	14(a)	**5,870,105**	3,407,873	**3,367,705**	5,190,745
		18,707,229	12,775,009	**3,367,705**	5,190,745
Other income	14(b)	**1,022,000**	1,602,636	**209,815**	98,397
Net impairment losses on financial instruments	10	**(24,954,801)**	(15,238,207)	**(27,669)**	(17,387)
Personnel expenses	15	**(35,713,691)**	(31,262,749)	**(633,085)**	(374,671)
Depreciation and amortisation expenses	16	**(9,679,487)**	(8,027,692)	**(19,909)**	(19,419)
General and administrative expenses	17	**(43,176,190)**	(35,657,327)	**(878,805)**	(837,067)
Other operating expenses	18	**(23,517,219)**	(21,237,214)	**(107,559)**	(103,962)
Results from operating activities		**37,105,296**	22,621,281	**3,523,078**	5,108,311
Share of post tax result of associate		**-**	95,378	**-**	-
Profit before minimum tax and income tax		**37,105,296**	22,716,659	**3,523,078**	5,108,311
Minimum tax	20	**(868,889)**	(465,254)	**-**	(3,895)
Income tax expense	20	**(3,645,028)**	(1,334,680)	**-**	(15,718)
Profit for the year		**32,591,379**	20,916,725	**3,523,078**	5,088,698
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Unquoted equity investments at fair value through other comprehensive income:					
- Net change in fair value	24(i)	**5,521,783**	4,350,231	**-**	-
- Foreign currency translation differences	24(i)	**-**	1,399,951	**-**	-
Quoted equity at fair value through other comprehensive income:					
- Net change in fair value	24(i)	**-**	-	**-**	-
		5,521,783	5,750,182	**-**	-
Items that may be subsequently reclassified to profit or loss:					
Debt investments at fair value through other comprehensive income:					
- Net change in fair value	24(i)	**(10,303,613)**	(8,281,658)	**-**	(2,817)
- Net impairment reclassified from profit or loss	24(c)	**275,598**	130,583	**-**	-
		(10,028,015)	(8,151,075)	**-**	(2,817)
Foreign currency translation differences for foreign operations		**1,554,186**	1,151,885	**-**	-
		(8,473,829)	(6,999,190)	**-**	(2,817)
Other comprehensive income for the year, net of tax		**(2,952,046)**	(1,249,008)	**-**	(2,817)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,639,333**	19,667,717	**3,523,078**	5,085,881
Profit attributable to:					
Equity holders of the Company		**32,384,962**	20,708,579	**3,523,078**	5,088,698
Non-controlling interests		**206,417**	208,146	**-**	-
		32,591,379	20,916,725	**3,523,078**	5,088,698
Total comprehensive income attributable to:					
Equity holders of the Company		**29,436,311**	19,454,417	**3,523,078**	5,085,881
Non-controlling interests		**203,022**	213,300	**-**	-
		29,639,333	19,667,717	**3,523,078**	5,085,881
Basic and diluted earnings per share (Naira)	19	**1.64**	1.05	**0.18**	0.26

The accompanying notes are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
In thousands of Naira	**Note**	**31 DEC 2022**	**31 DEC 2021**	**31 DEC 2022**	**31 DEC 2021**
ASSETS					
Cash and cash equivalents	21	**248,997,912**	362,700,083	**30,607**	621,755
Non-pledged trading assets	22(a)	**47,909,785**	41,538,274	**-**	-
Derivative assets held for risk management	23(a)	**-**	-	**-**	-
Investment securities	24	**629,673,838**	372,548,333	**8,023,508**	6,007,162
Assets pledged as collateral	25	**79,009,207**	115,456,683	**-**	-
Loans and advances to customers	26	**1,194,366,840**	1,063,589,192	**-**	-
Other assets	27	**191,483,200**	127,410,850	**2,585,791**	7,849,591
Restricted reserve deposits	28	**493,359,709**	329,739,147	**-**	-
Investment in subsidiaries	29	**-**	-	**132,228,197**	127,378,197
Investment in associates	30	**-**	6,810,651	**-**	-
Property and equipment, and right of use assets	31	**51,153,986**	47,084,551	**30,164**	42,815
Intangible assets	32	**29,727,350**	17,155,970	**12,094**	-
Deferred tax assets	33	**8,938,502**	9,163,896	**-**	-
Total assets		**2,974,620,329**	2,493,197,630	**142,910,361**	141,899,520
LIABILITIES					
Trading liabilities	22(b)	**1,883,937**	5,174,902	**-**	-
Deposits from banks	34	**124,365,459**	160,746,916	**-**	-
Deposits from customers	35	**1,945,204,939**	1,554,413,623	**-**	-
Retirement benefit obligations	36	**409,527**	14,855	**-**	-
Current income tax liabilities	20(iii)	**6,690,081**	5,449,065	**48,386**	50,926
Deferred tax liabilities	33	**413,229**	308,729	**-**	-
Other liabilities	37	**199,980,027**	199,465,224	**8,099,752**	7,505,765
Provision	38	**7,514,884**	6,747,270	**-**	-
On-lending facilities	39	**245,191,651**	157,873,774	**-**	-
Debt securities issued	40	**84,556,145**	78,493,492	**-**	-
Borrowings	41	**88,364,968**	80,704,066	**856,858**	-
Total liabilities		**2,704,574,847**	2,249,391,916	**9,004,996**	7,556,691
EQUITY					
Share capital	42(a)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	43	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Retained earnings	43	**87,612,177**	62,872,102	**8,611,596**	9,049,060
Other reserves	43	**55,794,478**	55,058,784	**-**	-
Total Equity attributable to owners of the Company		**268,700,424**	243,224,655	**133,905,365**	134,342,829
Non-controlling Interests		**1,345,058**	581,059	**-**	-
		270,045,482	243,805,714	**133,905,365**	134,342,829
Total liabilities and equity		**2,974,620,329**	2,493,197,630	**142,910,361**	141,899,520

Oladipupo Jadesimi	Ladi Balogun	Deji Fayose
Chairman	**Group Chief Executive**	**Chief Financial Officer**
FRC/2015/IODN/00000006637	FRC/2013/IODN/00000001460	FRC/2021/001/00000025061

The accompanying notes are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP
In thousands of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance at 1 January 2022	**9,901,355**	**115,392,414**	**62,872,102**	**15,544,938**	**3,521,475**	**1,960,712**	**10,950,928**	**18,490,731**	**4,590,000**	**581,059**	**243,805,714**
Profit for the year	-	-	32,384,962	-	-	-	-	-	-	206,417	**32,591,379**
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	5,521,783	-		**5,521,783**
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-		(10,028,015)	-		**(10,028,015)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	1,557,582	-	-	(3,396)	**1,554,186**
Total comprehensive income for the year	**-**	**-**	**32,384,962**	**-**	**-**	**-**	**1,557,582**	**-4,506,232**	**-**	**203,022**	**29,639,333**
Transfer between reserves											
Transfer to statutory reserve	-	-	(3,684,344)	3,684,344	-	-	-	-	-		-
Transfer to AGSMEIS reserve	-	-	-	-	-	-	-	-	-		-
Transfer from regulatory risk reserve	-	-	-	-	-	-	-	-	-		-
Transfer to forebearence reserve	-	-	-	-	-	-	-	-	-		-
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(3,960,542)	-	-	-	-	-	-		(3,960,542)
Transactions with minority shareholders recorded directly in equity											
Dividend paid											-
Adjustment of interest in NCI	-	-	-	-	-	-	-	-	-	560,977	560,977
Total Contributions by and distributions	**-**	**-**	**(7,644,886)**	**3,684,344**	**-**	**-**	**-**	**-**	**-**	**560,977**	**(3,399,565)**
Balance at 31 December 2022	**9,901,355**	**115,392,414**	**87,612,177**	**19,229,282**	**3,521,475**	**1,960,712**	**12,508,510**	**13,984,499**	**4,590,000**	**1,345,058**	**270,045,482**
Balance as at 1 January 2021	**9,901,355**	**115,392,414**	**47,482,438**	**15,084,874**	**2,089,362**	**1,960,712**	**9,804,197**	**20,891,624**	**4,133,669**	**379,555**	**227,120,200**
Profit for the year	-	-	20,708,579	-	-	-	-	-	-	208,146	**20,916,725**
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	5,750,182	-		**5,750,182**
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-		(8,151,075)	-		**(8,151,075)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	1,146,731	-	-	5,154	**1,151,885**
Total comprehensive income for the year	**-**	**-**	**20,708,579**	**-**	**-**	**-**	**1,146,731**	**(2,400,893)**	**-**	**213,300**	**19,667,717**
Transfer between reserves											
Transfer to statutory reserve	-	-	(460,064)	460,064	-	-	-	-	-	-	**-**
Transfer to AGSMEIS reserve	-	-	(1,432,113)	-	1,432,113	-	-	-	-	-	**-**
Transfer to regulatory risk reserve	-	-	(456,331)	-	-	-	-	-	456,331	0	**-**
Transfer to forebearence reserve	-	-	-	-	-	-	-	-	-	-	**-**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,970,407)	-	-	-	-	-	-	-	**(2,970,407)**
Transactions with minority shareholders recorded directly in equity											
Dividend paid	-	-	0	-	-	-	-	-	-	(14,400)	**(14,400)**
Adjustment of interest in NCI	-	-	-	-	-	-	-	-	-	2,604	2,604
	-	**-**	**(5,318,915)**	**460,064**	**1,432,113**	-	-	-	456,331	(11,796)	(2,982,203)
Balance at 31 December 2021	**9,901,355**	**115,392,414**	**62,872,102**	**15,544,938**	**3,521,475**	**1,960,712**	**10,950,928**	**18,490,731**	**4,590,000**	**581,059**	**243,805,714**

The accompanying notes are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY
In thousand of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance at 1 January 2022	**9,901,355**	**115,392,414**	**9,049,060**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**134,342,829**
Profit for the year	-	-	**3,523,078**	-	-	-	-	-	-	-	**3,523,078**
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	**-**	-	-	**-**
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	**-**	-	-	**-**
Total comprehensive income for the year	-	-	**3,523,078**	-	**-**	-	-	**-**	-	-	**3,523,078**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(3,960,542)	-	-	-	-	-	-		(3,960,542)
Total Contributions by and distributions	**-**	**-**	**(3,960,542)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,960,542)**
Balance at 31 December 2022	**9,901,355**	**115,392,414**	**8,611,596**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**133,905,365**
Balance as at 1 January 2021	**9,901,355**	**115,392,414**	**6,930,769**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**132,227,355**
Profit for the year	**-**	**-**	**5,088,698**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,088,698**
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,817)**	**-**	**-**	**(2,817)**
Total comprehensive income for the year	**-**	**-**	**5,088,698**	**-**	**-**	**-**	**-**	**(2,817)**	**-**	**-**	**5,085,881**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,970,407)	-	-	-	-	-	-		**(2,970,407)**
	-	**-**	**(2,970,407)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,970,407)**
Balance at 31 December 2021	**9,901,355**	**115,392,414**	**9,049,060**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**134,342,829**

The accompanying notes are an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

1 **Reporting entity**

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act, in response to the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3).

The principal activity of FCMB Group Plc is to carry on business as a financial holding company, investing in and holding controlling shares in, as well as managing equity investments in Central Bank of Nigeria approved financial entities. The Company has seven direct subsidiaries; First City Monument Bank Limited (100%), FCMB Capital Markets Limited (100%), CSL Stockbrokers Limited (100%), FCMB Trustees Limited (formerly CSL Trustees Limited) (100%), FCMB Microfinance Bank Limited (100%), FCMB Pensions Limited (92.80%) and Credit Direct Limited (100%).

FCMB Group Plc is a company domiciled in Nigeria. The address of the Company's registered office is 44 Marina, Lagos. These audited reports for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

2 (a) **Changes in accounting policies**

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated and separate financial statements.

(b) **Significant accounting policies**

Except as noted in Note 2(a), the Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, unless otherwise stated.

3(a) **(i) Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. The same accounting policies and methods of computation are followed in the consolidated and separate financial statements as compared with the most recent annual financial statements except as described in note 2(a).

(ii) Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of the following:

- Financial assets and liabilities measured at amortised cost;
- Derivative financial instruments which are measured at fair value; and
- Non-derivative financial instruments, carried at fair value through profit or loss, or fair value through OCI are measured at fair value.

Notes to the consolidated and separate financial statements

(iii) Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Bank's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(iv) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes.

– Note 4(b): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

– Notes 3(k)(ii) and 5: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 is included in the following notes.

– Notes 4(b) and 3(k)(vii): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

– Note 7: measurement of the fair value of financial instruments with significant unobservable inputs.
– Note 32: recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
– Note 31(d) - (e): impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 5.

Notes to the consolidated and separate financial statements

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investment in subsidiaries are measured at cost less impairment in the Bank's separate financial statements.

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The Group established FCMB Financing SPV Plc, Nigeria as a special purpose entity to raise capital from the Nigerian capital markets or other international market either by way of a stand-alone Issue or by the establishment of a programme. Accordingly, the financial statements of FCMB Financing SPV Plc have been consolidated.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interests in the previous subsidiary, then such interests is measured at fair value at the date that control is lost. Subsequently that retained interests is accounted for as an equity-accounted investee or in accordance with the Group's accounting for financial instruments.

(iv) Common control transactions

Common control transactions in the consolidated financial statement are accounted for at book value accounting. Any method chosen by an entity are consistently used for all similar common control transactions in its consolidated financial statements; i.e. it cannot use IFRS 3 accounting for some common control transactions and book value accounting for other similar transactions.

The difference between the consideration paid and the book value of the asset represents transaction with shareholder and should therefore be recorded in equity. The assets and liabilities transferred are recognised at the carrying amounts recognised previously in the transferor's consolidated financial statements. The Group adopted the book value method of accounting for its common control transactions.

(v) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rates as at that date. The foreign currency gain or loss is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

However, foreign currency differences arising from the translation of the following item are recognised in other comprehensive income:

- an investment in equity securities designated at fair value through other comprehensive income (FVOCI) except on impairment, in which case foreign currency difference that have been recognised in other comprehensive income are reclassified to profit or loss.

Notes to the consolidated and separate financial statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests (NCI). When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(d) Interest

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

When calculating the effective interest rate for financial intruments other than credit-impaired assets,the Group estimates future cashflows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets,a credit adjusted effective interest rate is calculated using estimated future cashflows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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

In calculating interest income and expense,the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition,interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired,then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset.The calculation of interest income does not revert to a gross basis,even if the credit risk of the asset improves.

Interest income and expense presented in the statement of profit or loss and OCI include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on debt instruments measured at fair value through other comprehensive income calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

(e) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of Interest Income. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantees, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commission income, including loan account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Notes to the consolidated and separate financial statements

(f) Net trading income

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and be presented together with others.
Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(g) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to fair value gains or losses on non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(h) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

(i) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

At inception of a contract, the Group 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 Group uses the definition of a lease in IFRS 16.

(i) Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group determined whether the arrangement was or contained a lease based on the assessment of whether:
– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
– the arrangement had conveyed a right to use the asset.

Notes to the consolidated and separate financial statements

(j) Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes**,** including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is:

– Company income tax is computed on taxable profits
– Tertiary education tax is computed on assessable profits
– National Information Technology Development Agency levy is computed on profit before tax
– Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)
– National Agency for Science and Engineering Infrastructure (NASENI) levy is computed on 0.25% of Profit Before Tax for commercial companies in the banking, mobile communication, ICT, aviation, maritime and oil and gas sectors.

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Notes to the consolidated and separate financial statements

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.
Minimum tax is determined based on the sum of:
- the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of N500,000.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated and separate financial statements

(k) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognises loans and receivables, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including assets and liabilities designated at fair value through profit or loss) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case, all affected financial assets are reclassified on the first reporting period following the change in business model.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

A financial asset is measured at fair value through other comprehensive income only if it meets both the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflow and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of pricipal and interest on principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income.This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at fair value through profit or loss.

In addition,on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or signicantly reduces an accounting mismatch that would otherwise arise.

Notes to the consolidated and separate financial statements

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification carried out prospectively from the reclassification date. Accordingly, any previously unrecognised gains, losses or interest are not reinstated. Changes in the business model for managing financial assets are expected to be very infrequent.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual right to the cash flow from the Financial assets expires or it transfers the right to receive the contractual cash flow in a transaction in which the substantially all the risks and rewards of the ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and the rewards of the ownership and it does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at fair value through other comprehensive income is not recognised in the profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transaction in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of the asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitises various loans and advances to customers and investment securities, which generally result in the sale of these to unconsolidated securitisation vehicles and in the Group transferring substantially all the risks and rewards of ownership. The securitisation vehicle in turn issues securities to investors. Interest in the securitised financial assets are generally retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are recognised as investment securities and carried at fair value through other comprehensive income. Gains or losses on securitisation are recorded in other revenue.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual right to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flow of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in other income in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flow of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, the Group currently has a legally enforceable right to set off the amounts and it intends to either to settle them on a net basis or to realise the asset and settle the liability simultaneously

Income and expenses are presented on a net basis only when permitted under IFRS, or gains and losses arising from a group of similar transactions such as the Group's trading activity.

(vi) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that the market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e, the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments-e.g bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure- are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

The Group recognises loss allowances for ECL on the following financial insruments that are not measured at fair value through profit or loss:
- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income;
- financial guarantee contracts issued; and
- loan commitments issued

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL;
- financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivable are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-months ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instruments. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit -impaired at the reporting date:as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flow that the Group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is down and the cash flows that the Group expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Group expects to recover.

Notes to the consolidated and separate financial statements

Restructured financial assets

If the terms of a financial assets renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cashflows arising from the modified financial asset are included in calculating the cash shortfalls from the existing assets.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the asset is treated as final cash flow from the existing financial asset at the time of its derecognition. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-Impaired financial assets

At each reporting date, the Group assesses whether financial assets at amortized cost and debt instruments carried at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on he estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherswise;
- it is becoming probable that the borrower will enter bankcruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessment of creditworthiness.
- The countries ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanism in place to provide the necessary support as 'lender of last resort' to the country,as well as the intention, reflected in the public statement of governments and agencies to use those mechanisms.This includes an assessment of the depth of those mechanisms and, irrespective of political intent,whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: generally, as a provision;

- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is charged to profit or loss and is recognised in the fair value reserve, other comprehensive income.

Write-off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Recoveries of amount previously written off are includeded in impairment losses "on financial instruments" in the statement of profit or loss and other comprehensive income". However, financial asstes that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Measurement of impairment

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted as the asset's original effective interest rate. impairment losses were calculated as the difference between the carrying amount and the fair value.

Reversal of impairment

- For assets measured at amortised cost: If an event occuring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Impairment losses on investment securities at fair value through other comprehensive income are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cummulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognised in profit or loss.

Write-off

The Group wrote off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Group determined that there was no realistic prospect of recovery.

(viii) Designation at fair value through profit or loss

Financial assets

At initial recognition, the Group has designated certain financial assets as at fair value through profit or loss because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Notes to the consolidated and separate financial statements

Financial liabilities

The Group has designated certain financial liabilities as at fair value through profit or loss in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(l) (i) Cash and cash equivalents

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks.

(ii) Restricted reserve deposits

Restricted reserve deposits are restricted mandatory reserve deposits held with the Central Bank of Nigeria, which are not available for use in the Bank and Group's day-to-day operations. They are calculated as a fixed percentage of the Group's and Bank's deposit liabilities.

(m) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

(n) Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see k(iii)) are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Assets pledged as collateral are initially recognised at fair value, and are subsequently measured at amortised cost or fair value as appropriate. These transactions are performed in accordance with the usual terms of securities lending and borrowing.

(o) Loan and advances

Loan and advances' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transsaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at fair value through profit or loss or designated as at fair value through profit or loss; these are measured at fair value with changes recognised immediately in profit or loss; and
- finance lease receivables.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using effective interest method. When the Group chose to designate the loans and advances as measured at fair value through profit or loss, they were measured at fair value with face value changes recognised immediately in profit or loss.

Loans and advances also included finance lease receivables in which the Group was the lessor.
When the Group purchased a financial asset and simultaneously entered into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement was accounted for as a loan or advance, and the underlying asset was not recognised in the Group's financial statements

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(p) Investment securities

Investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at fair value through other comprehensive income; and
- equity investment securities designated at fair value through other comprehensive income.

For debt securities measured at fair value through other comprehensive income, gains and losses are recognised in OCI, except for the following, which are recognised in profit and loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in the profit and loss. Dividends are recognised in profit and loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(q) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value in the statement of financial position, while any attributable costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with fair values changes recognised in profit or loss.

Notes to the consolidated and separate financial statements

(r) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Items of work in progress are recognised at cost less any observable impairment. A review for impairment is carried out when circumstances or situations suggests that the asset carrying amount may not be recoverable. Impairment loss is recognized when the current asset value is less than the cost.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other income in profit or loss.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each reporting date. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note (t) on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale. Items classified as work in progress are not depreciated till the asset is available for use. Leasehold land is not depreciated.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold improvement	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer equipment	4 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 years
Right-of-use assets	Over the relevant lease

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. When an item of work in progress is completed and is available for use, the asset is de-classified to the relevant class of the asset under property and equipment.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the consolidated and separate financial statements

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss; Goodwill on acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is four years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(t) Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the consolidated and separate financial statements

(u) Deposits, debt securities issued, onlending facilities and borrowings

Deposits, debt securities issued, onlending facilities and borrowings are the Group's sources of funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

Deposits, debt securities issued, onlending facilities and borrowings are initially measured at fair value less incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(w) Provisions

Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of time value of money and the specific risks to the liability. Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached. The Group recognises no provisions for future operating losses.

(x) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debit instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below- market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment.Subsequently, they are measured as follows;

- At the higher of this amortised amount and the amount of loss allowance (see k(vii)).

The Group has issued no loan commitment that are measured at fair value through profit or loss.
For other loan commitments:
The Group recognises loss allowance (see k(vii)).

Liabilities arising from financial guarantees and loan commitments are included within provisions.

(y) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

(ii) Defined contribution plans

A retirement benefit obligation is a defined contribution plan. A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. In line with the Pension Reform Act 2014, the Group and its employees make a joint contribution of 18% (10% by the Bank and 8% by the employees) of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted.

(z) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(ii) Dividend on the Group's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act of Nigeria.

(iii) Share premium

Premiums from the issue of shares are reported in share premium.

(iv) Retained earnings

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

(v) Other reserves comprises of statutory reserve, SSI reserve, translation reserve, fair value reserve, regulatory risk reserve and forbearance reserve

(a) Statutory reserve: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(b) AGSMEIS / SSI reserve: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the five years but banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are nondistributable.

In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agricultural/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation. Though there's no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profits After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme. This is done after the audit and Central Bank of Nigeria (CBN) approval.

(c) Translation reserve: comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira.

(d) fair value reserve: comprises fair value movements on equity instruments and debt securities carried at fair value through other comprehensive income.

(e) Regulatory risk reserve: The Nigerian banking regulator requires the Bank to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

(f) forbearance reserve: this is a non-distributable reserve which arose from forbearance granted by Central Bank of Nigeria being an additional appropriation of 15% of profit after tax to account for potential future provisions valid until 31 December 2020.

(aa) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(ab) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Executive Management Committee (being the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Management Committee (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Notes to the consolidated and separate financial statements

(ac) Operating expense - general and administrative expenses and other operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming financial years.

(ad) Deposit for Investment in AGSMEIS

The Agri-Business/Small and Medium Enterprises Investment Scheme is an initiative of Banker's committee of Nigeria. The contributed funds is meant for supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. In line with this initiative, the Bank will contribute 5% of Profit After Tax yearly to the fund.

(ae) Consumables

Consumables include stocks and cards held for resale or subsequent issuance to customers. They are measured at lower of cost and net realizable value. Cost comprises of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realizable value is the estimated issuance price. When items of consumables are issued to customers, their carrying amount is recognized as an expense in the period in which the relevant revenue is recognized.

(af) Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- Those outflows of resources that are within the scope of other Standards (such as income taxes that are within the scope of IAS 12 Income Taxes); and
- Fines or other penalties that are imposed for breaches of the legislation

The Group recognises a levy when the obligating event that gives rise to a liability as identified by the legislation, occurs. This triggers the obligation to pay the levy and recognise the expense for the period.

Notes to the consolidated and separate financial statements

(ag) Standards issued but not yet adopted

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these (consolidated and separate) financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group (or Company) are set out below.

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

The directors are of the opinion that the impact of the application of the remaining Standards, Amendments to Standards and Interpretationsare not expected to have a significant impact on the Group's consolidated and separate financial statements.

Effective at the option of the entity (effective date has been deferred indefinitely)

– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). When new standards, amendments to standards and interpretations will have little, or no material effect on the financial statements, it is not necessary to list them as such a disclosure would not be material. (IAS 1.31).

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2021. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Relating to Interest Rate Benchmark Reform

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

• The Group has floating rate debt, linked to, which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

• The Group has issued [Currency B]-denominated fixed rate debt which it fair value hedges using [Currency B]-fixed to [Currency B] IBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, [Currency B] IBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

• The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Group has assessed and quantified its exposure to IBORs on its financial instruments that will be reformed as part of this market-driven initiative.
• The Group currently does not have financial assets linked to LIBOR that will be impacted by the IBOR reform.
• The Group has some financial Liabilities which are linked to LIBOR and might be affected by the IBOR reforms.
As at the reporting date, the Group is in discussion with its lender on the impending change in the reference rate and collation of feedback. Negotiations have not yet commenced but we believe this will start closer to the cessation of 1, 3 and 6 months LIBOR by June 2023. The carrying amount of the financial liabilities as at the reporting date is N63.4 billion. Refer to Note 40 in the financial statements.

(ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In March 2021, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Notes to the consolidated and separate financial statements

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures. There were no rent concessions enjoyed.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

IAS 8:28 In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year.

The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8

Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cut off date of 31 December 2021. The potential impact of the application of any new and revised IFRS Standard issued by the IASB after 31 December 2021, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The impact of the application of the new and revised IFRS Standards below is for illustrative purposes only. Entities should analyse the impact of these new or revised IFRS Standards on their financial statements based on their specific facts and circumstances and make appropriate disclosures.

Standard	Content	Effective Date
IFRS 3	Amendments to IFRS 3 Reference to the Conceptual Framework	01 JAN 2022
IAS 16	Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	01 JAN 2022
IAS 37	Amendments to IAS 37 - Contingent liabilities and Contingent assets – Onerous Contracts Provisions	01 JAN 2022
IFRS 17	Insurance Contracts	01 JAN 2023
IAS 1	Amendments to IAS 1 Classification of Liabilities as Current or Non-current	01 JAN 2023
IFRS 8	Amendment to IFRS 8 - Definition of Accounting Estimates	01 JAN 2023
IAS 12	Amendment to IAS 12-Deferred Tax related to Assets and Liabilities arising from a single Transaction	01 JAN 2023
IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	01 JAN 2022
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 JAN 2023

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Notes to the consolidated and separate financial statements

In thousands of Naira For the year ended		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
8	**Interest and discount income**				
	Cash and cash equivalents	**1,086,932**	612,479	**150,933**	38,363
	Loans and advances to customers	**174,520,491**	137,646,522	**-**	-
	Investment securities at amortised cost	**19,785,678**	11,838,040	**347,806**	333,120
	Investment securities at FVOCI	**22,597,680**	11,944,563	**67,575**	61,824
	Total interest income	**217,990,781**	162,041,604	**566,314**	433,307
9	**Interest expense**				
	Deposits from banks	**5,933,312**	8,371,606	**-**	-
	Deposits from customers	**68,902,005**	38,835,473	**-**	-
		74,835,317	47,207,079	**-**	-
	Borrowings	**11,564,500**	12,743,333	**6,858**	-
	Debt securities issued	**8,523,788**	10,046,518	**-**	-
	Onlending facitilies	**2,409,973**	915,080	**-**	-
	Interest expense on lease liabilities	**248,856**	215,756	**-**	-
		97,582,434	71,127,766	**6,858**	-
	The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.				
	Financial assets measured at amortised cost	**195,393,101**	150,097,041	**498,739**	371,483
	Financial assets measured at FVOCI	**22,597,680**	11,944,563	**67,575**	61,824
	Total	**217,990,781**	162,041,604	**566,314**	433,307
	Financial liabilities measured at amortised cost	**97,582,434**	71,127,766	**6,858**	-
10	**Net impairment loss on financial assets**				
	Loan and advances	**22,735,534**	14,834,670	**-**	-
	Other assets	**6,917,242**	4,789,171	**-**	-
	Investment securities - amortised cost	**161,231**	385,613	**27,669**	17,387
	Investment securities - fair value other comprehensive income	**275,038**	134,611	**-**	-
	Cash and cash equivalents	**1,094**	3,685	**-**	-
	Financial guarantee contracts and loan commitment issued	**129,099**	363,785	**-**	-
	Recoveries on loans previously written off	**(5,264,437)**	(5,273,328)	**-**	-
		24,954,801	15,238,207	**27,669**	17,387

In thousands of Naira For the year ended		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
11a	**Disaggregation of fee and commission income by major type of services;**				
	Credit related fees	**634,815**	593,541	**-**	-
	Account Maintenance	**6,850,703**	4,804,446	**-**	-
	Letters of credit commission	**1,403,821**	962,276	**-**	-
	Asset Management Fees	**5,627,314**	3,450,428	**-**	-
	Administration Fees	**183,298**	178,638	**-**	-
	Commission on off-balance sheet transactions	**1,280,110**	772,157	**-**	-
	Electronics fees and commissions	**13,996,952**	12,826,360	**-**	-
	Service fees and commissions	**14,056,651**	12,005,351	**1,054,476**	738,858
	Gross Fee and commission income	**44,033,664**	35,593,197	**1,054,476**	738,858
11b	Electronics fees and commissions recoverable expenses	**(8,148,012)**	(6,274,200)	**-**	-
	Cheque books recoverable expenses	**(36,039)**	(30,880)	**-**	-
	Other banks charges	**(1,840,505)**	(535,130)	**(1,347)**	(490)
	Fee and commission expense	**(10,024,556)**	(6,840,210)	**(1,347)**	(490)
	Net fee and commission income	**34,009,108**	28,752,987	**1,053,129**	738,368

Notes to the consolidated and separate financial statements

In thousands of Naira For the year ended	GROUP 31 DEC 2022	 31 DEC 2021	COMPANY 31 DEC 2022	 31 DEC 2021
12 Net trading income				
Foreign exchange trading income	**666,657**	61,242	**-**	-
FGN bonds trading income	**5,566,202**	5,509,168	**-**	-
Treasury bills trading income	**6,604,265**	3,796,726	**-**	-
	12,837,124	9,367,136	**-**	-
13 Net income from financial instruments mandatorily measured at fair value through profit or loss				
Net income arising on:				
Fair value gain on derivative financial instruments held for risk management	**-**	-	**-**	-
	-	-	**-**	-
14(a) Other revenue				
Dividends on equity investment securities in the subsidiaries(see note (a)(i))	**-**	-	**2,977,509**	4,903,114
Dividends on unquoted equity securities (see note (a)(ii))	**977,540**	830,168	**-**	-
Foreign exchange gains (see note (a)(iii))	**5,392,565**	6,138,177	**390,196**	287,631
Modification loss on restructured facilities (see note (a)(iv))	**- 500,000.00**	(3,560,472)	**-**	-
	5,870,105	3,407,873	**3,367,705**	5,190,745

(i) The amount of N2.98billion in the Company represents N371.2million (2021: N185.6million) from FCMB Pensions Limited , , N859.5million (2021: N580.3million) from CSL Stockbrokers Limited, N150million (2021: N75million) from FCMB Capital Markets Limited, N36.8million (2021: N62.3million) from FCMB Trustees Limited, N1.56billion (2021: Nil) from Credit Direct Limited, and Nil (2021: N4billion) from First City Monument Bank Limited .

(ii) This amount represent dividend received from unquoted equity securities held for strategic purposes and for which the Group has elected to present the fair value gain and loss in other comprehensive income.

(iii) Foreign currency revaluation gain represent gains realised from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.
(iv) This represents the loss on restructured facilities during the year.

14(b) Other income	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
Gain on sale of property and equipment	**(10,620)**	514,557	**(632)**	(266)
Rental income	**1,032,620**	1,088,079	**210,447**	98,663
	1,022,000	1,602,636	**209,815**	98,397

Notes to the consolidated and separate financial statements

In thousands of Naira For the year ended	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
15 Personnel expenses				
Wages and salaries	**25,798,705**	23,263,584	**339,902**	334,161
Contributions to defined contribution plans	**716,687**	672,205	**15,756**	10,788
Other employee benefits (see note (a) below)	**9,198,299**	7,326,960	**277,427**	29,722
	35,713,691	31,262,749	**633,085**	374,671

(a) **Other employee benefits**
These are non-payroll staff cost, which includes medical expenses, club subscriptions and other staff related expenses not paid to staff.

	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
16 Depreciation and amortisation				
Amortisation of intangibles	**2,005,606**	1,564,874	**-**	-
Depreciation of property and equipment and right of use assets	**7,673,881**	6,462,818	**19,909**	19,419
	9,679,487	8,027,692	**19,909**	19,419

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
17 General and administrative expenses				
Communication, stationery and postage	**2,621,546**	2,519,063	**9,678**	6,029
Business travel expenses	**1,086,417**	565,930	**2,695**	1,296
Advert, promotion and corporate gifts	**3,886,261**	4,656,482	**36,707**	9,731
Business premises and equipment costs	**7,607,697**	5,222,165	**33,864**	13,857
Operating lease expenses	**1,009,153**	599,049	**5,422**	4,594
Directors' emoluments and expenses	**1,621,994**	1,686,183	**582,916**	647,458
IT expenses	**9,983,363**	7,449,323	**11,038**	8,536
Contract Services and training expenses	**8,146,572**	7,525,196	**284**	1,546
Vehicles maintenance expenses	**922,815**	992,833	**4,153**	2,399
Security expenses	**2,287,164**	2,231,088	**-**	-
Auditors' remuneration	**501,835**	457,054	**45,000**	45,000
Professional charges	**3,501,373**	1,752,961	**147,048**	96,621
	43,176,190	35,657,327	**878,805**	837,067

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
18 Other operating expenses				
NDIC Insurance Premium	**6,339,599**	5,088,449	**-**	-
AMCON Levy	**12,841,873**	10,532,714	**-**	-
Insurance expenses	**1,021,530**	943,268	**14,412**	14,573
Others (see note (a) below)	**3,314,217**	4,672,783	**93,147**	89,389
	23,517,219	21,237,214	**107,559**	103,962
(a) Others comprises:				
AGM, meetings and shareholders expenses	**245,493**	342,250	**54,693**	55,750
Donation and sponsorship expenses	**450,529**	1,481,506	**-**	-
Entertainment expenses	**441,173**	239,124	**4,931**	2,627
Fraud and forgery expense	**123,083**	89,856	**-**	-
Regulatory charges	**10,910**	11,326	**10,910**	11,326
Other accounts written off	**134,898**	243,987	**114**	167
PENCOM Recovery Agent Fee	**8,004**	1,194	**-**	-
Pension Protection Fund Expenses	**171,169**	104,961	**-**	-
Provision for litigation	**915,000**	864,413	**-**	-
Industrial training fund levy	**247,292**	214,914	**12,319**	10,438
Nigeria Social Insurance Trust Fund expenses	**208,027**	277,234	**6,250**	4,838
Penalties	**70,300**	723,313	**-**	-
Miscellaneous expenses	**288,338**	78,705	**3,930**	4,243
	3,314,216	4,672,783	**93,147**	89,389

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
19 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders (N'000)	**32,384,962**	20,708,579	**3,523,078**	5,088,698
Weighted average number of ordinary shares in issue ('000)	**19,802,710**	19,802,710	**19,802,710**	19,802,710
	1.64	1.05	**0.18**	0.26
20 Tax expense				
(i) **Current tax expense:**				
Minimum tax (see note 20(iii))	**868,889**	465,254	**-**	3,895
National Information Technology Development Agency (NITDA) levy	**180,668**	154,211	**-**	2,226
Nigeria Police Trust Fund levy	**903**	1,015	**-**	255
National Agency for Science and Engineering Infrastructure levy	**45,167**	37,996	**-**	-
Tertiary education tax	**311,084**	13,236	**-**	13,236
Capital gain tax	**11**	-	**-**	-
Corporate income tax	**2,836,109**	2,239,206	**-**	-
	4,242,831	2,910,919	**-**	19,613
(ii) **Deferred tax expense:**				
Origination of temporary differences	**271,086.00**	(1,110,985)	**-**	-
Reduction in tax rate	**-**	-	**-**	-
Recognition of previously unrecognised tax losses	**-**	-	**-**	-
	271,086.00	**(1,110,985)**	**-**	**-**
Income tax expense	**3,645,028**	1,334,680	**-**	15,718
Total tax expense	**4,513,917**	1,799,934	**-**	19,613

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
(iii) **Current income tax liability**				
At 1 January	**5,449,065**	4,502,688	**50,926**	49,568
Tax paid	**(2,959,241)**	(1,847,156)	**(2,540)**	(12,871)
Tax refund (see note (a) below)	**(42,574)**	(117,386)	**-**	(5,384)
Minimum tax (see note 20(i))	**868,889**	465,254	**-**	3,895
Capital gain tax	**11**	-	**-**	-
National Information Technology Development Agency (NITDA) levy (see note 20(i))	**180,668**	154,211	**-**	2,226
Nigeria Police Trust Fund levy (see note 20(i))	**903**	1,015	**-**	255
Tertiary education tax (see note 20(i))	**311,084**	13,236	**-**	13,236
National Agency for Science and Engineering Infrastructure (NASENI) levy (see note 20(i))	**45,167**	37,996	**-**	-
Income tax expense (see note 20(i))	**2,836,109.00**	2,239,206	**-**	-
	6,690,081	5,449,065	**48,386**	50,926

(a) Amount represents withholding tax credit notes utilized during the year. Withholding tax is an advance payment of company income tax (CIT) deducted at source used to net off the tax liability for the year.

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
21 Cash and cash equivalents				
Cash	**27,543,479**	65,711,784	**-**	-
Current balances with banks within Nigeria	**643,079**	2,982,046	**30,607**	621,755
Current balances with banks outside Nigeria (see note (c) below)	**165,924,070**	199,717,584	**-**	-
Placements with local banks	**14,548,852**	3,905,097	**-**	-
Placements with foreign banks	**12,661,743**	45,025,298	**-**	-
Unrestricted balances with Central banks	**27,681,424**	45,388,016	**-**	-
	249,002,647	362,729,825	**30,607**	621,755
Less impairment allowances (note (a) below)	**(4,735)**	(29,742)	**-**	-
	248,997,912	362,700,083	**30,607**	621,755
(a) **Impairment allowance**				
Balance at 1 January	**29,742**	35,950	**-**	9,893
Net remeasurement of loss allowance	**1,094**	(9,893)	**-**	(9,893)
Translation difference	**(26,101)**	3,685	**-**	-
Closing balance	**4,735**	29,742	**-**	-

(b) Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.

(c) Balances with banks outside Nigeria include N40.46billion (31 December 2021: N39.00billion) which represents the naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 36(a)).

Notes to the consolidated and separate financial statements
In thousands of Naira

		GROUP		COMPANY	
		31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
22(a)	**Non-pledged trading assets**				
	Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	47,870,384	12,473,822	-	-
	Treasury Bills - fair value through profit or loss (FVTPL)	39,401	29,064,452	-	-
		47,909,785	41,538,274	-	-
(b)	**Trading liabilities**				
	Short sold positions - Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	1,883,937	-	-	-
	Short sold positions - Treasury bills - fair value through profit or loss (FVTPL)	-	5,174,902	-	-
		1,883,937	5,174,902	-	-
	Current	1,883,937	5,174,902	-	-
	Non-current	-	-	-	-
		1,883,937	5,174,902	-	-
23	**Derivative assets and liabilities held for risk management**				
	Instrument type				
(a)	Assets: - Non-deliverable forwards transactions	-	-	-	-
	- Total return swap transactions	-	-	-	-
		-	-	-	-
	Current	-	-	-	-
	Non-current	-	-	-	-
		-	-	-	-
(b)	Liabilities - Non-deliverable forwards transactions	-	-	-	-
	- Total return swap transactions	-	-	-	-
		-	-	-	-
	Current	-	-	-	-
	Non-current	-	-	-	-
		-	-	-	-

		GROUP		COMPANY	
		31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
24	**Investment securities**				
	Investment securities at amortised cost (see note (a))	386,974,263	172,882,523	8,023,508	6,007,162
	Investment securities at FVOCI - debt instruments (see note (c) below)	211,925,987	172,884,325	-	-
	Investment securities at FVOCI - quoted equity investments (see note (d) below)	105,414	92,776	-	-
	Investment securities at FVOCI - unquoted equity investments (see note (e) below)	30,668,174	26,688,710	-	-
		629,673,838	372,548,333	8,023,508	6,007,162
(a)	**Investment securities at amortised cost**				
	Federal Government of Nigeria (FGN) Bonds - listed	314,937,620	107,305,908	-	-
	Federal Government of Nigeria (FGN) EuroBonds - listed	37,509,344	17,955,002	-	-
	State Government Bonds - unlisted	14,311,107	15,531,678	-	-
	Corporate bonds - unlisted	14,781,229	27,097,031	3,883,618	3,400,459
	Unclaimed dividend investment fund	1,905,450	1,517,517	1,905,450	1,517,517
	Placements	6,627,875	6,318,344	2,430,506	1,257,583
		390,072,625	175,725,480	8,219,574	6,175,559
	Less impairment allowances (see note (b) below)	(3,098,362)	(2,842,957)	(196,066)	(168,397)
		386,974,263	172,882,523	8,023,508	6,007,162
(b)	**Impairment allowance**				
	At 1 January	2,842,957	2,273,426	168,397	141,117
	Transfer from cash and cash equivalent	-	9,893	-	9,893
	Net remeasurement of loss allowance	161,231	385,613	27,669	17,387
	Translation difference	94,174	174,025	-	-
	Closing balance	3,098,362	2,842,957	196,066	168,397

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
(c) **Investment securities at FVOCI**				
Federal Government of Nigeria (FGN) Bonds - listed	**15,745,170**	53,582,848	**-**	-
Federal Government of Nigeria (FGN) Sukuk Bonds	**13,184,243**	40,390	**-**	-
Treasury bills - listed	**182,483,689**	118,411,052	**-**	-
Legacy Debt Fund	**46,414**	521,987	**-**	-
Legacy USD Bond Fund	**295,554**	256,000	**-**	-
Legacy Money Market Fund	**170,917**	72,048	**-**	-
	211,925,987	172,884,325	**-**	-
(d) **Impairment allowance**				
At 1 January	**316,503**	181,892	**-**	-
Net remeasurement of loss allowance (see note 10)	**275,038**	134,611	**-**	-
Closing balance	**591,541**	316,503	**-**	-

(i) The impairment of N275.60million (31 December 2021: N132.58million arising from investment securities at FVOCI for the period was recognised in profit or loss, (see note 10) and other comprehensive income.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
(d) **Investment securities at FVOCI - quoted equity investments**				
Industrial and General Insurance Plc	**4,326**	4,326	**-**	-
Food Concepts	**2,700**	2,430	**-**	-
Legacy Equity Fund	**98,388**	86,020	**-**	-
	105,414	92,776	**-**	-
(e) **Investment securities at FVOCI - unquoted equity investments**				
Credit Reference Company Limited	**377,450**	371,124	**-**	-
Nigeria Inter-bank Settlement System Plc	**12,506,750**	7,466,577	**-**	-
Africa Finance Corporation	**11,284,300**	11,875,080	**-**	-
Africa Export-Import Bank, Cairo	**1,754,298**	1,346,634	**-**	-
Smartcard Nigeria Plc	**1,339,350**	1,020,491	**-**	-
FMDQ (OTC) Plc	**3,307,650**	4,482,493	**-**	-
Financial Derivative Ltd	**28,062**	28,062	**-**	-
Shared Agent Network Expansion Facilities Limited (SANEF)	**70,314**	98,249	**-**	-
	30,668,174	26,688,710	**-**	-

(f) The Group designated certain equity investments shown above in note (e) as equity securities at fair value through other comprehensive income. The fair value through other comprehensive income designation was made because the investments are expected to be held for the long-term for strategic purposes. None of these strategic investments was disposed during period / year ended 30 September 2022 / 31 December 2021.

(g) Debt securities classified at amortised cost have interest rates of 8.50% to 16.39% (31 December 2021: 8.50% to 16.39%) and mature between 2022 and 2050 years. Debt securities at fair value through other comprehensive income have stated interest rates of 10.00% to 16.29% (31 December 2021: 10.00% to 16.29%) and mature between 2022 and 2050 years.

(h) Information about the Group's exposure to credit and market risks and fair value measurement is included in Note 4.

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
25 Assets pledged as collateral				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
(a) **Investment Securities - FVOCI**				
Treasury Bills - listed	**21,168,552**	35,772,155	**-**	-
Federal Government of Nigeria (FGN) Bonds - listed	**855,486.00**	13,205,414	**-**	-
	22,024,038	48,977,569	**-**	-
(b) **Investment Securities - FVTPL**				
Treasury Bills - listed	**-**	3,120,944	**-**	-
	-	3,120,944	**-**	-
(c) **Investment Securities - Amortized cost**				
Treasury Bills - listed	-	-	-	-
Federal Government of Nigeria (FGN) Bonds - listed	**56,985,169**	63,358,170	**-**	-
	56,985,169	63,358,170	**-**	-
	79,009,207	115,456,683	**-**	-

As at the year end, the Group held no collateral, which it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (31 December 2021: nil).

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counterparty for the term of the transaction being collateralized. These represents pledged assets to these parties;

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
26 Loans and advances to customers				
(a) Overdrafts	**126,172,138**	67,649,104	**-**	-
Term loans	**863,317,181**	949,982,863	**-**	-
On-lending facilities	**246,905,392**	85,768,266	**-**	-
Advances under finance lease (see note (b) below)	**9,437,674**	9,757,387	**-**	-
Gross loans and advances to customers at amortised costs	**1,245,832,385**	1,113,157,620	**-**	-
Less impairment loss allowance	**(51,465,545)**	(49,568,428)	**-**	-
Net loans and advances to customers	**1,194,366,840**	1,063,589,192	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
(b) **Finance lease**				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**5,724,593**	4,955,014	**-**	-
Between one and five years	**5,054,927**	6,206,290	**-**	-
More than five years	**-**	-	**-**	-
	10,779,520	11,161,304	**-**	-
Unearned finance income	**(1,341,846)**	(1,403,917)	**-**	-
Net investment in finance leases	**9,437,674**	9,757,387	**-**	-
Less impairment allowance	**(1,341,846)**	(324,232)	**-**	-
	8,095,828	9,433,155	**-**	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**5,724,594**	4,954,975	**-**	-
Between one and five years	**3,713,080**	4,802,412	**-**	-
More than five years	**-**	-	**-**	-
	9,437,674	9,757,387	**-**	-

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
27 Other assets				
(a) **Other financial assets:**				
E-settlement receivables	**8,018,214**	20,369,917	**-**	-
Agric SMEIS receivables (See note (d) below)	**3,521,438**	2,747,962	**-**	-
Differentiated Cash Reserve Requirement Scheme (DCRR) recievable (See note (e) below)	**161,964,144**	86,084,707	**-**	-
Related parties receivables	**-**	-	**2,485,208**	7,842,766
Insurance claims and fraud receivables (See note (f) below)	**4,621,262**	3,102,194	**-**	-
Judgement debt receivables (See note (g) below)	**4,231,920**	4,043,588	**-**	-
Accounts receivable - deposits for investments	**-**	13,601,688	**-**	-
Accounts receivable- TSA refunds	**433,101**	433,101	**-**	-
Accounts receivables	**28,903,731**	12,593,700	**173,966**	85,806
	211,693,810	142,976,857	**2,659,174**	7,928,572
Less impairment allowances (note (c) below)	**(28,784,201)**	(21,209,342)	**(92,187)**	(92,187)
	182,909,609	121,767,515	**2,566,987**	7,836,385
(b) **Other non-financial assets:**				
Prepayments	**7,091,216**	4,780,952	**18,804**	13,206
Consumables	**1,482,375**	862,383	**-**	-
	8,573,591	5,643,335	**18,804**	13,206
	191,483,200	127,410,850	**2,585,791**	7,849,591

Notes to the consolidated and separate financial statements

(c) **Movement in impairment on other financial assets**

At 1 January	**21,209,342**	16,479,783	**92,187**	92,187
Transfer to stage 1	**1,710,397**	(1,323,826)	**-**	-
Transfer to stage 2	**(1,500,000)**	(3,406,010)	**-**	-
Transfer to stage 3	**(210,397)**	4,729,836	**-**	-
Net remeasurement of loss allowances	**6,917,242**	4,789,171	**-**	-
Write-offs	**(86,754)**	(317,659)	**-**	-
Translation difference	**297,151**	258,047	**-**	-
Balance at the end	**28,336,981**	21,209,342	**92,187**	92,187

(d) Agric SMEIS receivables represents the Bank's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme. The balance is wharehoused in other assets pending allocation of investment units from the scheme.

(e) Differentiated Cash Reserve Requirement Scheme (DCRR) receivable represents the special intervention fund with the Central Bank of Nigeria introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector.

(f) The amount represents refunds to customers pending the investigation report and recoveries from insurance. This amount has been fully provisioned.

(g) The amount includes Judgement debt receivables in respect of suit against the Bank in United Kingdom as ordered by the court of which the sum of £3.34million (N1.82billion) has been transferred to Zumax with recourse.The Bank won the case as judgement was awarded in its favour and ordered Zumax to repay the Bank the sum of £3.29million released from the Court Funds Office pursuant to and on terms of the undertakings in the 13 November 2018 Order This amount has been fully provisioned pending recovery.

Notes to the consolidated and separate financial statements

In thousands of Naira		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
28	**Restricted reserve deposits**				
	Restricted mandatory reserve deposits with central banks (see note (a) below)	**470,334,488**	309,628,683	**-**	-
	Special Cash Reserve Requirement (see note (b) below)	**22,841,064**	20,110,464	**-**	-
	LDR Cash Reserve (see note (c) below)	**184,157**	-	**-**	-
		493,359,709	329,739,147	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the Bank and Group's day-to-day operations. Mandatory reserve deposits are non interest-bearing and are computed as a fixed percentage of the Bank's qualifying deposit liabilities. For the purposes of the Statement of cashflow, these balances are excluded from cash and cash equivalents.

(b) Special Cash Reserve Requirement represents a 5% special intervention reserve held with the Central Bank of Nigeria as a regulatory requirement.

In thousands of Naira		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
29	**Investment in Subsidiaries**				
(a)	Investment in subsidiaries comprises:				
	First City Monument Bank Limited (see note (i) below)	**-**	-	**115,422,326**	115,422,326
	FCMB Capital Markets Limited (see note (ii) below)	**-**	-	**240,000**	240,000
	CSL Stockbrokers Limited (CSLS) (see note (iii) below)	**-**	-	**3,053,777**	3,053,777
	FCMB Trustees Limited (see note (iv) below)	**-**	-	**220,000**	220,000
	FCMB Microfinance Bank Limited (see note (v) below)	**-**	-	**1,000,000**	150,000
	FCMB Pensions Limited (see note (vi) below)	**-**	-	**11,925,884**	7,925,884
	Credit Direct Limited (see note (vii) below)	**-**	-	**366,210**	366,210
	Carrying amount	**-**	-	**132,228,197**	127,378,197

(b) **Group entities**

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company are as detailed below:

Company Name	Country of incorporation	Nature of Business	Percentage of equity capital held (Direct holdings)	Financial year end
(1) First City Monument Bank Limited (see Note (i) below)	Nigeria	Banking	100%	31 Dec 2022
(2) FCMB Capital Markets Limited (see Note (ii) below)	Nigeria	Capital Market	100%	31 Dec 2022
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	Nigeria	Stockbroking	100%	31 Dec 2022
(4) FCMB Trustees Limited (see Note (iv) below)	Nigeria	Trusteeship	100%	31 Dec 2022
(5) FCMB Microfinance Bank Limited (see Note (v) below)	Nigeria	Micro-lending	100%	31 Dec 2022
(6) FCMB Pensions Limited (see Note (vi) below)	Nigeria	Pension Fund Ad	92.80%	31 Dec 2022
(7) Credit Direct Limited (see Note (vii) below)	Nigeria	Micro-lending	100%	31 Dec 2022

(i) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Company was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 20 April, 1982. It was licensed on 11 August, 1983 to carry on the business of Commercial Banking and Commercial Business on 1 September 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December, 2004. The Bank was however delisted from the Nigerian Stock Exchange on 21 June 2013 and registered as a Limited Liability Company on 4 September 2013 following the group restructuring.

(ii) This represents the cost of the Company's 100% equity holding in FCMB Capital Markets Limited. The Company was incorporated in April 4, 2002.

(iii) This represents the cost of the Company's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on January 24, 1979 and commenced operations in May 1979.

(iv) This represents the cost of the Company's 100% equity holding in FCMB Trustees Limited. The Company was incorporated in November 24, 2010. The company invested additional N180m in FCMB Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of N300m for trustee businesses in Nigeria. The company changed it's name from CSL Trustees Limited to FCMB Trustees Limited in February 2019.

(v) This represents the cost of the Company's 100% equity holding in FCMB Microfinance Bank Limited. The Company was incorporated on February 25, 2015 and started operations on January 1, 2017. The company invested additional N850m in FCMB Micrifinance Bank Limited in December 2022 in order t recapitalise the business in line with the Central Bank of Nigeria directive to recapitalise Microfinance Banks with State License to N1bn.

(vi) This represents the Company's 92.80% equity holding in FCMB Pensions Limited, a pension fund manager licensed to carry on the business of fund and pension management. The company was incorporated in April 2005 and commenced operations in May 2005. FCMB Pensions Limited was a former associate company to the Group by virtue of the Group's initial 28.22% equity holding. However, the Group acquired additional 60% ,3.42% and 1.16% equity holding in November 2017, August 2018 and August 2020 repectively thereby raising the total equity holding to 92.80%. The company changed it's name from Legacy Pension Managers Limited to FCMB Pensions Limited in November 2018.

In October 2021, FCMB Pensions Limited obtained approval for the acquisition of 60% stake in AIICO Pensions Limited. Post year end FCMB Pensions Limited has now obtained approval for an additional 36.3% shareholding of AIICO Pension Limited bringing the total interest in the entity to 96.3% as at March 2022. With this integration the FCMB Pensions Limited now accounts for one of the largest PFAs in Nigeria with a combined total Assets Under Management of N592billion and increase in the number of contributors nationwide.

(vii) This represents the Company's 100% equity holding in Credit Direct Limited. The Company was incorporated on June 13, 2006 and commenced operations in January 2007.

(viii) There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

(ix) The investments are carried at cost less impairment. There was no impairments on any of the subsidiaries as at the reporting date (2021; nil).

Notes to the consolidated and separate financial statements

In thousands of Naira	**GROUP** 31 DEC 2022	**GROUP** 31 DEC 2021	**COMPANY** 31 DEC 2022	**COMPANY** 31 DEC 2021
30 Investment in associates				
(a) Investment in associate company:				
Balance at 1 January	**6,810,651**	-	-	-
Transfer to investment	**(6,810,651)**			
Investment in AIICO Pensions Limited	-	6,715,273	-	-
Share of profit after tax	-	95,378	-	-
Balance at 31 December	-	6,810,651	-	-
(b) Summarised financial information of the Group's principal associates are as follows:				
Current assets	-	2,428,456	-	-
Non -current assets	-	145,645	-	-
Current Liabilities	-	623,955	-	-
Total equity	-	1,950,147	-	-
Revenue	-	1,810,138	-	-
Profit for the year	-	28,929	-	-
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the year	-	28,929	-	-

(c) Per the shareholder's agreement of AIICO Pensions Limited, control is established at 75% ownership by a shareholder or set of shareholders. Given the fact that FCMB Pensions Limited had only 60% as of 31 December 2021, it was determined that FCMB Pensions Limited had significant influence on the operations of AIICO pensions Limited as at that date. However, FCMB Pensions Limited concluded the acquisition and integration of AIICO Pensions with a current share holding of 96.3% in February 2022 giving rise to expanded market share in terms of number of contributors and AUM.

Notes to the consolidated and separate financial statements
In thousands of Naira

31 This comprises:

(a) **Property and equipment, and right of use assets**

GROUP

31 DEC 2022

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	**4,684,743**	**25,253,370**	**6,212,749**	**6,127,177**	**5,213,591**	**43,298,597**	**9,999,494**	**709,442**	**101,499,163**
Additions during the year	20,000	290,126	366,163	309,489	640,028	4,898,657	657,241	4,125,528	11,307,232
Reclassifications	-	54,072	-	-	966.00	483,294	11,684	(550,016)	-
Disposal during the year	-	(62,489)	-	-	(235,849)	(3,559,597)	-	-	(3,857,935)
Derecognised during the year	-	-	(1,371,815)	-	-	-	-	-	(1,371,815)
Effect of movements in exchange rates	-	-	114,809	11,679	-	8,543	230	-	135,261
Balance at the end	**4,704,743**	**25,535,079**	**5,321,906**	**6,448,345**	**5,618,736**	**45,129,494**	**10,668,649**	**4,284,954**	**107,711,906**
Accumulated depreciation									
At 1 January	**-**	**4,954,875**	**2,116,645**	**4,454,005**	**4,437,440**	**29,218,142**	**9,233,505**	**-**	**54,414,612**
Depreciation for the year (see note 16)	-	536,018	675,137	377,676	566,471	5,098,365	420,216	-	7,673,883
Eliminated on Disposal	-	194,897	-	(217,455)	(519,422)	(4,113,326)	(53,045)	-	(4,708,351)
Derecognised during the year	-	-	(867,901)	-	-	-	-	-	(867,901)
Effect of movements in exchange rates	-	-	32,670	6,927	-	5,850	230	-	45,677
Balance at the end	**-**	**5,685,790**	**1,956,551**	**4,621,153**	**4,484,489**	**30,209,031**	**9,600,906**	**-**	**56,557,920**

31 DEC 2021

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	**4,684,743**	**24,819,328**	**5,418,126**	**6,114,556**	**5,307,299**	**36,823,734**	**9,605,213**	**2,013,515**	**94,786,514**
Additions during the year	-	306,437	1,066,788	6,374	52,785	4,931,102	371,708	420,271	7,155,464
Reclassifications	-	127,605	-	-	-	1,571,020	25,637	(1,724,262)	-
Disposal during the year	-	-	-	-	(146,493)	(32,607) -	3,187.55	-	(182,287)
Derecognised during the year	-	-	(386,974)	-	-	-	-	-	(386,974)
Items written-off during the year	-	-	-	-	-	-	-	(82)	(82)
Effect of movements in exchange rates	-	-	114,809	6,247	-	5,348	124	-	126,528
Balance at the end	**4,684,743**	**25,253,370**	**6,212,749**	**6,127,177**	**5,213,591**	**43,298,597**	**9,999,494**	**709,442**	**101,499,163**
Accumulated depreciation									
At 1 January	**-**	**4,503,685**	**1,523,655**	**4,238,371**	**4,328,727**	**25,044,352**	**8,945,260**	**-**	**48,584,050**
Depreciation for the year (see note 16)	-	527,626	733,874	142,146	509,270	4,230,694	319,207	-	6,462,817
Eliminated on Disposal	-	(76,436)	-	69,994.00	(400,557)	(59,961)	(31,085)	-	(498,045)
Derecognised during the year	-	-	(162,165)	-	-	-	-	-	(162,165)
Effect of movements in exchange rates	-	-	21,281	3,494	-	3,057	123	-	27,955
Balance at the end	**-**	**4,954,875**	**2,116,645**	**4,454,005**	**4,437,440**	**29,218,142**	**9,233,505**	**-**	**54,414,612**
Carrying amounts:									
Balance at 31 December 2022	**4,704,743**	**19,849,289**	**3,365,355**	**1,827,192**	**1,134,247**	**14,920,463**	**1,067,743**	**4,284,954**	**51,153,986**
Balance at 31 December 2021	4,684,743	20,298,495	4,096,104	1,673,172	776,151	14,080,455	765,989	709,442	47,084,551

Notes to the consolidated and separate financial statements

COMPANY

31 DEC 2022

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	**-**	**-**	**-**	**5,181**	**52,500**	**20,759**	**12,437**	**-**	**90,877**
Additions during the year	-	-	-	-	-	7,130	1,978	-	9,107
Disposal during the year	-	-	-	-	-	(189)	(2,768)	-	(2,956)
Balance at the end	**-**	**-**	**-**	**5,181**	**52,500**	**27,700**	**11,647**	**-**	**97,028**
Accumulated depreciation									
At 1 January	-	**-**	**-**	**4,267**	**29,531**	**9,629**	**4,635**	**-**	**48,062**
Depreciation for the year (see note 16)	-	-	-	519	13,125	3,925	2,341	-	19,910
Eliminated on Disposal	-	-	-	-	-	(189)	(919)	-	(1,108)
Balance at the end	**-**	**-**	**-**	**4,786**	**42,656**	**13,365**	**6,057**	**-**	**66,864**

31 DEC 2021

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	**-**	**-**	**-**	**5,181**	**91,893**	**19,181**	**9,018**	**-**	**125,273**
Additions during the year	-	-	-	-	-	8,988	6,607	-	15,594
Disposal during the year	-	-	-	-	(39,393)	(7,410)	(3,188)	-	(49,990)
Balance at the end	**-**	**-**	**-**	**5,181**	**52,500**	**20,759**	**12,437**	**-**	**90,877**
Accumulated depreciation									
At 1 January	-	**-**	**-**	**3,749**	**24,613**	**14,212**	**4,386**	**-**	**46,960**
Depreciation for the year (see note 16)	-	-	-	518	14,766	2,096	2,039	-	19,419
Eliminated on Disposal	-	-	-	-	(9,848)	(6,679)	(1,790)	-	(18,317)
Balance at the end	**-**	**-**	**-**	**4,267**	**29,531**	**9,629**	**4,635**	**-**	**48,062**
Carrying amounts:									
Balance at 31 December 2022	**-**	**-**	**-**	**395**	**9,844**	**14,335**	**5,590**	**-**	**30,164**
Balance at 31 December 2021	-	-	-	914	22,969	11,130	7,802	-	42,815

Notes to the consolidated and separate financial statements

	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
32 Intangible assets				
(a) **Software**				
Cost				
At 1 January	**16,472,531**	14,055,712	**3,851**	3,851
Additions during the year	**4,172,232**	1,268,836	**-**	-
Work-in-progress - additions during the year	**842,710**	1,126,533	**12,094**	-
Effect of movement in exchange rates	**(10,320)**	21,450	**-**	-
Balance at the end	**21,477,153**	16,472,531	**15,945**	3,851
Accumulated amortisation				
At 1 January	**10,655,538**	9,073,029	**3,851**	3,851
Amortisation for the year (see note 16)	**2,005,606**	1,564,874	**-**	-
Effect of movement in exchange rates	**26,202**	17,635	**-**	-
Balance at the end	**12,687,346**	10,655,538	**3,851**	3,851
Carrying amount	**8,789,807**	5,816,993	**12,094**	-

(b) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2021: nil)

(c) There was no impairment loss on the Group's software during the year (31 December 2021: nil)

	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
(d) **Goodwill**				
At 1 January	**11,338,977**	11,338,977	**-**	-
Acquired during the year	**9,598,566**	-	**-**	-
Carrying amount	**20,937,543**	11,338,977	**-**	-
	29,727,350	17,155,970	**12,094**	-
Current	**-**	-	**-**	-
Non-current	**29,727,350**	17,155,970	**12,094**	-
	29,727,350	17,155,970	**12,094**	-

(e) Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. The recoverable amount has been calculated based on the value in use of the Cash Generating Units (CGUs), determined by discounting the future cashflows expected to be generated from the continuing use of the CGUs assets and the ultimate disposals. No impairment losses were recognised during the year (31 December 20201: nil) because the recoverable amounts of these CGUs were determined to be higher than the carrying amount.

The Banking subsidiary changed its relevant CGU for determination of impairment in 2021. It performed a retrospective test of impairment of goodwill, using the current relevant CGU and determined that no impairment occurred from the date of the recognition of goodwill till date. No impairment losses were recognised during the year (31 December 2021: nil) because the recoverable amounts of these CGUs were determined to be higher than the carrying amount by N27.0billion.

The key assumptions used in the calculation of value in use were as follows. The values assigned to the key assumptions represent management's assessment of future trends in the relevant sectors of the bank and have been based on historical data from both external and internal sources.

	FCMB Pensions Limited		**CSL Stockbrokers Limited**		**Personal Banking Group**	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate (see below)	24.20%	21.40%	26.50%	26.50%	22.21%	10.00%
Terminal value growth rate	3.90%	3.90%	3.00%	3.00%	3.90%	3.90%
Forecast profit before taxes (average of next five years)	N20.04billion	N17.40billion	N1.213billion	N1.112billion	N63.11billion	N63.11billion
Forecast profit before taxes growth rate (average of next five years)						

For FCMB Pensions Limited and CSL Stockbrokers Limited, the discount rate was a post-tax measure derived using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU. The discount rate for FCMB Limited was a pre-tax measure based on the rate of the Bank's year 2024 Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. The terminal growth rate was derived from the average GDP growth rate of Nigeria from 1982 until 2021, and adjusted for industry expectations on the growth of the relevant CGU

Forecast profit before taxes was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past four years and the estimated growth for the next five years.

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

In thousands of Naira

33 Deferred tax assets and liabilities

(a) **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group		Liabilities	Net	Assets	Liabilities	Net
	31 DEC 2022			31 DEC 2021		
Property and equipment	1,667,216	(413,229)	1,253,987	1,203,659	(308,729)	894,930
Allowances for loan losses	2,342,096	-	2,342,096	2,403,788	-	2,403,788
Tax loss carried forward	5,545,989	-	5,545,989	5,556,449	-	5,556,449
Effects of movement in exchange rates	36,865		36,865	-		-
Net tax assets/ (liabilities)	8,938,502	(413,229)	9,178,937	9,163,896	(308,729)	8,855,167

(b) **Movements in temporary differences during the year ended 31 December 2022**

	GROUP			
	Balance at 1 January 2022	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December 2022**
Property and equipment	1,203,659	50,328	-	1,253,987
Allowances for loan losses	2,342,096	-	-	2,342,096
Tax loss carried forward	5,545,989	-	-	5,545,989
Effects of movement in exchange rates	72,151	(35,286)	-	36,865
	9,163,895	15,042	-	8,938,501

Movements in temporary differences during the year ended 31 December 2021

	GROUP			
	Balance at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2021
Property and equipment	1,203,659	-	-	1,203,659
Allowances for loan losses	2,403,788	-	-	2,403,788
Tax loss carried forward	4,395,272	1,161,177	-	5,556,449
Effects of movement in exchange rates	-	-	-	-
	8,002,719	1,161,177	-	9,163,896

The Group has applied judgment that the Federal Government of Nigeria (FGN) will likely extend the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, beyond 2021, in order to stimulate continuous participation in the treasury bills market and to meet government funding needs.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
34 Deposits from banks				
Money market deposits	**87,770,108**	48,908,251	**-**	-
Trade related obligations to foreign banks	**36,595,351**	111,838,665	**-**	-
	124,365,459	160,746,916	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
35	**Deposits from customers**				
	Retail customers:				
	Term deposits	**518,090,302**	326,868,230	**-**	-
	Current deposits	**362,576,851**	470,995,914	**-**	-
	Savings	**508,279,789**	414,087,422	**-**	-
		1,388,946,942	1,211,951,566	**-**	-
	Corporate customers:				
	Term deposits	**191,501,276**	142,399,572	**-**	-
	Current deposits	**364,756,721**	200,062,485	**-**	-
		556,257,997	342,462,057	**-**	-
		1,945,204,939	1,554,413,623	**-**	-

Corporate customers represents deposits from corporate bodies, government agencies while retail customers represents deposits from individuals, unregistered small and medium scale business ventures.

36 Retirement benefit obligations

Defined contribution scheme

The Group and its employees make a joint contribution, 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. During the year, the Group complied with the Pension Reform Act 2014 and contributed 10% while employees contributed 8%. The payment made to the pension fund administrators ae up to date.

	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
Total contributions to the scheme for the year were as follows:				
At 1 January	**14,855**	325,557	**-**	-
Charged to profit or loss for the year (see note 15)	**716,687**	672,205	**15,756**	10,788
Employee contribution for the year	**12,605**	625,940	**12,605**	8,630
Total amounts remitted for the year	**(334,620)**	(1,608,847)	**(28,361)**	(19,418)
Balance at the end	**409,527**	14,855	**-**	-

In thousands of Naira		GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
37	**Other liabilities**				
(a)	**Other financial liabilities:**				
	Customers' deposit for letters of credit	**40,456,852**	38,998,581	**-**	-
	Bank cheques/drafts	**4,622,679**	5,773,225	**-**	-
	Negotiated letters of credits	**82,703,032**	16,236,590	**-**	-
	E-settlement payables	**14,373,451**	3,780,036	**-**	-
	Withholding tax and value added tax payables	**1,715,847**	1,178,988	**6,040**	45,743
	Collections account balances (see note (c))	**5,800,524**	92,697,835	**-**	-
	Unclaimed items	**6,198,564**	6,268,231	**-**	-
	Undisbursed intervention funds (see note (d))	**4,908,267**	2,302,269	**-**	-
	AMCON Sinking fund accounts payable (see note (e))	**1,017,317**	973,061	**-**	-
	Accounts payables	**23,899,009**	22,266,784	**5,945,392**	5,767,228
	Accounts payable - unclaimed dividend	**1,697,849**	1,377,491	**1,697,849**	1,377,491
		187,393,391	191,853,091	**7,649,281**	7,190,462
(b)	**Other non-financial liabilities:**				
	Deferred income & Rent received in advance (see note (f))	**2,536,881**	649,725	**-**	-
	Accrued expenses	**7,471,004**	4,346,079	**450,471**	315,303
	Lease liability (see note (g))	**2,578,751**	2,616,329	**-**	-
		12,586,636	7,612,133	**450,471**	315,303
		199,980,027	199,465,224	**8,099,752**	7,505,765

Notes to the consolidated and separate financial statements

(c) Collections are balances held in trust on behalf of customers for various transactions. These include collection for remittances, payments, etc.

(d) This relates to onlending facilities undisbursed as customers are yet to meet conditions precedent to drawdown.

(e) This relates to AMCON sinking fund contribution for prior years as advised by Central Bank of Nigeria, based on the recalculation in line with the AMCON Amendment Act 2015. This amount is payable over a period of five years commencing in year 2019.

(f) This relates to outstanding rent paid in advances from sublet and Included deferred income are fees on financial guarantee contracts, which represents the amount initially recognised less cumulative amortisation.

(g) The Group leases a number of properties to serve as its branch outlets. The net carrying amount of leased assets, included within property and equipment as right-of-use assets is N3.84billion and N3.01billion as at 31 December 2021. (31 December 2020: N3.64billion and N2.78billion) for both Group and Bank respectively. The Group has applied 15.5% as the weighted average incremental borrowing rate to lease liability on transition date.

The undiscounted cash flow payments on the lease liabilities extend over a number of years. This is analysed as follows:

Not more than one year	**-**	-	**-**	-
Over one year but less than five years	**119,931**	119,931	**-**	-
More than five years	**2,458,820**	2,496,398	**-**	-
	2,578,751	2,616,329	**-**	-
The table below shows the movement in lease liability during the year:				
As at 1 January	**2,616,329**	2,509,561	**-**	-
Additions during the year	**121,132**	386,974	**-**	-
Interest expense on lease liabilities	**248,856**	215,756	**-**	-
Less: Lease payments	**(382,432)**	(456,701)	**-**	-
Less: Derecognised lease liability	**(164,409)**	(99,115)	**-**	-
Lease modification	**57,810**		**-**	-
Effects of movement in exchange rates	**81,465**	59,854	**-**	-
Balance at the end	**2,578,751**	2,616,329	**-**	-

(g) The Group does not face any significant risk with regards to the lease liability. Also the Bank's exposure to liquidity risk as a result of leases are monitored by the Banking subsidiary's enterprise risk management unit.

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
38 Provision				
Legal claims	**5,492,417**	4,856,591	**-**	-
Financial guarantee contracts and loan commitments issued	**2,022,467**	1,890,679	**-**	-
	7,514,884	6,747,270	**-**	-

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
39 On-lending facilities				
Bank of industry (BOI)	**4,956,003**	1,692,065	**-**	-
Commercial Agriculture Credit Scheme (CACS)	**4,464,196**	9,458,134	**-**	-
Real Sector Support Facility (RSSF)	**58,827,675**	9,990,796	**-**	-
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR)	**105,300,418**	87,374,305	**-**	-
Power & Aviation Intervention Fund	**13,048,330**	14,736,961	**-**	-
Micro, Small and Medium Enterprises Development Fund (MSMEDF)	**2,059,572**	229,192	**-**	-
Development Bank of Nigeria (DBN)	**56,535,457**	34,392,321	**-**	-
	245,191,651	157,873,774	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
40 Debt securities issued				
Debt securities at amortised cost:				
Bond issued	**7,010,901**	5,059,795	**-**	-
Note issued	**20,916,337**	19,784,732	**-**	-
Note issued	**22,429,435**	21,529,975	**-**	-
Note issued	**29,997,168**	29,998,440	**-**	-
Note issued	**4,202,304**	2,120,550	**-**	-
	84,556,145	78,493,492	**-**	-

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
At 1 January	**78,493,492**	101,531,205	**-**	-
Accrued coupon interest for the year	**3,132,082**	116,221	**-**	-
Additions during the year	**2,013,604**	848,220	**-**	-
Repayments during the year	**-**	(26,000,000)	**-**	-
Coupon interest paid during the year	**(579,652)**	(574,910)	**-**	-
Effects of movement in exchange rates	**1,496,619**	2,572,756	**-**	-
Balance at the end	**84,556,145**	78,493,492	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
41 Borrowings				
(a) Borrowings comprise:				
European Investment Bank (EIB)	**-**	2,320,868	**-**	-
Oikocredit Cooperative Society, Netherlands	**3,727,422**	4,253,459	**-**	-
Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco)	**16,170,632**	14,777,885	**-**	-
African Export-Import Bank (Afrexim)	**27,665,668**	42,087,384	**-**	-
African Development Bank (AfDB)	**15,334,837**	-	**-**	-
FCMB Asset Management	**25,466,409**	17,264,470	**856,858**	-
	88,364,968	80,704,066	**856,858**	-

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
(c) Movement in borrowings account during the period was as follows:				
At 1 January	**80,704,066**	159,718,037	**-**	-
Additions during the year	**856,858**	64,040,385	**856,858**	-
Repayments during the year	**(518,000)**	(142,634,377)	**-**	-
Effects of movement in exchange rates	**7,322,044**	(419,979)	**-**	-
Balance at the end	**88,364,968**	80,704,066	**856,858**	-

-

In thousands of Naira	GROUP 31 DEC 2022	GROUP 31 DEC 2021	COMPANY 31 DEC 2022	COMPANY 31 DEC 2021
42 Share capital				
(a) **Issued and fully paid**				
19.8billion ordinary shares of 50k each (31 December 2021: 19.8billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355

43 Share premium and reserves

The nature and purpose of the reserves in equity are as follows:

(a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

(b) **Retained earnings**: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

(c) **Other reserves**: comprises of these reserves;

(i). **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank transferred 15% of its 'profit after tax to statutory reserves as at year end (31 December 2020: 15%).

(ii). AGSMEIS reserve: The AGSMEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but Banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non-distributable. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

(iii). Fair Value Reserve: The fair value reserves comprise:

- the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income and
- the cumulative net change in fair value of debt securities at fair value through other comprehensive income until the assets are derecognised or reclassified. The amount is reduced by the amount of loss allowance.

(iv). Regulatory risk reserve: The regulatory risk reserve warehouses the difference between the impairment of loans and advances under the Nigerian GAAP and Central Bank of Nigeria prudential guidelines and the expected loss model used in calculating the impairment balance under IFRS.

(v). Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

(vi) Forbearance reserve: this is a non-distributable reserve which arose from forbearance granted by Central Bank of Nigeria being an additional appropriation of 15% of profit after tax to account for potential future provisions valid until 31 December 2020.

44 Non-controlling Interest (NCI)

Disclosure of NCI in the Group's subsidiary

The following table summarises the information relating to the Group's subsidiaries, FCMB Pensions Limited and CSL Capital (UK) Limited

	CSL CAPITAL (UK) LIMITED		FCMB PENSIONS LIMITED		GROUP	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
NCI Percentage	**25.00%**	25.00%	**7.20%**	7.20%		
Total Assets	1,456,421	1,368,830	18,953,612	12,238,734	20,410,033	13,607,564
Total Liabilities	222,368	319,582	4,557,154	7,811,691	4,779,522	8,131,273
Net Assets	1,234,053	1,049,248	14,396,458	4,427,043	15,630,511	5,476,291
Adjustment to Net Assets	308,513	262,312	1,036,545	318,747	1,345,058	581,059
Movement in NCI						
Balance at 1 January	**262,312**	127,876	318,747	251,679	581,059	379,555
Dividend paid/declared	-	-	-	(14,400)	-	(14,400)
Adjustment in NCI	(15,851)	-	576,829	2,604	560,977	2,604
Share of profit	65,448	127,656	140,969	80,490	206,417	208,146
Share of other comprehensive income	(3,396)	6,780	-	(1,626)	(3,396)	5,154
Total NCI at 31 December	**308,513**	262,312	**1,036,545**	318,747	**1,345,058**	581,059

Notes to the consolidated and separate financial statements

45 Contingencies

(a) Legal Proceedings

The Group in its ordinary course of business is presently involved in 516 cases as a defendant (31 December 2021: 475) and 26 cases as a plaintiff (31 December 2021: 23). The total amount claimed in the 516 cases against the Bank is estimated at N21.63billlion (31 December 2021: N26.10billion) while the total amount claimed in the 26 cases instituted by the Bank is N602.62million (31 December 2021: N14.72billion). The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements. Based on the realistic reserves as recommended by solicitors in charge of these ongoing litigations, a provision has been made for the period ended 30 September 2022 of N6.30billion (31 December 2020: N4.86billion), See note 37(a) for the provisions made in the books for claims.

Other contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances and issuance of performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with contingent risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

	GROUP		COMPANY	
In thousands of Naira	**31 DEC 2022**	**31 DEC 2021**	**31 DEC 2022**	**31 DEC 2021**
Performance bonds and guarantees	**178,201,810**	141,733,924	**-**	-
Loan commitments	**3,869,461**	3,869,461	**-**	-
Clean line letters of credit	**128,712,165**	135,225,605	**-**	-
	310,783,436	280,828,990	**-**	-
Other commitments	**11,787**	349,643	**-**	-
	310,795,223	281,178,633	**-**	-

Clean line letters of credit, which represent irrevocable assurances that the Banking subsidiary will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.

Notes to the consolidated and separate financial statements
For the year ended

45 Group subsidiaries and related party transactions

(a) **Parent and Uitimate controlling party**

FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 45(b) below.

(b) **Subsidiaries:**

Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2022 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held N'000	Country of incorporation	Nature of Business
(1) First City Monument Bank Limited	Direct	100.00%	115,422,326	Nigeria	Banking
(2) FCMB Capital Markets Limited	Direct	100.00%	240,000	Nigeria	Capital Market
(3) CSL Stockbrokers Limited (CSLS)	Direct	100.00%	3,053,777	Nigeria	Stockbroking
(4) FCMB Trustees Limited	Direct	100.00%	220,000	Nigeria	Trusteeship
(5) FCMB Microfinance Bank Limited	Direct	100.00%	1,000,000	Nigeria	Micro-lending
(6) FCMB Pensions Limited	Direct	92.80%	11,925,884	Nigeria	Pension Fund Manager
(7) Credit Direct Limited (CDL)	Direct	100.00%	366,210	Nigeria	Micro-lending
(8) FCMB (UK) Limited (FCMB UK)	Indirect	100.00%	7,791,147	United Kingdom	Banking
(9) FCMB Asset Management Limited	Indirect	100.00%	50,000	Nigeria	Asset Management
(10) FCMB Financing SPV Plc.	Indirect	100.00%	250	Nigeria	Capital Raising
(11) CSL Capital (UK) Limited	Indirect	75.00%	35,468	United Kingdom	Financial Advisory

(c) **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its banking subsidiaries operate. The carrying amounts of banking subsidiaries' assets and liabilities are N40.74billion andN38.99billion respectively (31 December 2021: N169.79billion and N150.61billion respectively).

The Group does not have any subsidiary that has material non-controlling interest.

(d) **Condensed Financial Information**

(i) The condensed financial data of the consolidated entities as at 31 December 2022 were as follows:

RESULTS OF OPERATIONS

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	566,314	203,705,762	134,379	368,929	48,968	9,306	441,710	13,430,952	218,706,320	(715,539)	217,990,781
Interest expense	(6,858)	(95,315,569)	-	(27,879)	-	(224)	-	(2,947,443)	(98,297,973)	715,539	(97,582,434)
Net interest income	**559,456**	**108,390,193**	**134,379**	**341,050**	**48,968**	**9,082**	**441,710**	**10,483,509**	**120,408,347**	**-**	**120,408,347**
Other income	4,630,649	42,506,189	929,915	3,169,853	140,460	15,125	5,827,443	734,057	57,953,691	(4,215,354)	53,738,337
Operating income	**5,190,105**	**150,896,382**	**1,064,294**	**3,510,903**	**189,428**	**24,207**	**6,269,153**	**11,217,566**	**178,362,038**	**(4,215,354)**	**174,146,684**
Operating expenses	(1,639,358)	(100,013,860)	(490,485)	(1,753,593)	(114,325)	(19,676)	(3,472,142)	(5,820,995)	(113,324,434)	1,237,847	(112,086,587)
Impairment losses on financial instruments	(27,669)	(23,530,878)	-	(11,063)	1,303	141	-	(1,386,635)	(24,954,801)	-	(24,954,801)
Profit before tax	**3,523,078**	**27,351,644**	**573,809**	**1,746,247**	**76,406**	**4,672**	**2,797,011**	**4,009,936**	**40,082,803**	**(2,977,507)**	**37,105,296**
Income tax expense	-	(1,677,809)	(189,357)	(464,056)	(21,395)	(1,542)	(839,103)	(1,320,655)	(4,513,917)	-	(4,513,917)
Profit after tax	**3,523,078**	**25,673,835**	**384,452**	**1,282,191**	**55,011**	**3,130**	**1,957,908**	**2,689,281**	**35,568,886**	(2,977,507)	**32,591,379**
Other comprehensive income	-	(2,967,997)	-	15,951	-	-	-	-	(2,952,046)	-	(2,952,046)
Total comprehensive income for the period	**3,523,078**	**22,705,838**	**384,452**	**1,298,142**	**55,011**	**3,130**	**1,957,908**	**2,689,281**	**32,616,840**	**(2,977,507)**	**29,639,333**

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FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	30,607	235,570,976	1,132,833	4,415,023	1,343,761	1,106,077	3,642,238	6,578,728	253,820,243	(4,822,331)	248,997,912
Restricted reserve deposits	-	493,359,709	-	-	-	-	-	-	493,359,709	-	493,359,709
Non-pledged trading assets	-	46,407,450	-	1,502,335	-	-	-	-	47,909,785	-	47,909,785
Loans and advances to customers	-	1,165,325,099	69,496	344,212	1,422	-3,705	130,744	28,499,572	1,194,366,840	-	1,194,366,840
Assets pledged as collateral	-	79,009,207	-	-	-	-	-	-	79,009,207	-	79,009,207
Investment securities	8,023,508	620,811,661	924,497	986,263	147,714	9,000	2,654,814	-	633,557,457	(3,883,619)	629,673,838
Investment in subsidiaries	132,228,197	-	-	-	-	-	-	-	132,228,197	(132,228,197)	-
Property and equipment, and right of use assets	30,164	46,172,357	63,295	433,567	8,855	4,341	2,052,561	2,388,846	51,153,986	-	51,153,986
Intangible assets	12,094	14,176,214	-	94,266	715	0	9,676,972	421,975	24,382,236	5,345,114	29,727,350
Deferred tax assets	-	8,909,445	25,244	3,813	-	-	-	-	8,938,502	-	8,938,502
Other assets	2,585,791	189,221,429	120,337	625,611	154,462	-870	796,283	519,856	194,022,899	(2,539,699)	191,483,200
	142,910,361	**2,898,963,547**	**2,335,702**	**8,405,090**	**1,656,929**	**1,114,843**	**18,953,612**	**38,408,977**	**3,112,749,061**	**(138,128,732)**	**2,974,620,329**
Financed by:											
Trading liabilities	-	1,883,937	-	-	-	-	-	-	1,883,937.00	-	1,883,937.00
Deposits from banks	-	124,365,459	-	-	-	-	-	-	124,365,459	-	124,365,459
Deposits from customers	-	1,949,716,934	-	-	-	13,823	-	296,511	1,950,027,268	(4,822,329)	1,945,204,939
Borrowings	856,858	62,898,559	-	-	-	-	-	24,609,551	88,364,968	-	88,364,968
On-lending facilities	-	245,191,651	-	-	-	-	-	-	245,191,651	-	245,191,651
Debt securities issued	-	88,439,764	-	-	-	-	-	-	88,439,764	(3,883,619)	84,556,145
Retirement benefit obligations	-	4,694	-	-	-	-	386,143	18,690	409,527	-	409,527
Current income tax liabilities	48,386	3,768,960	182,355	392,927	23,196	2,203	885,076	1,386,978	6,690,081	-	6,690,081
Deferred tax liabilities	-	-	35,390	101,654	163	5,037	131,227	139,758	413,229		413,229
Provision	-	7,514,884	-	-	-	-	-	-	7,514,884	-	7,514,884
Other liabilities	8,099,752	184,167,694	330,489	2,840,353	1,140,945	12,951	3,147,934	2,904,070	202,644,188	(2,664,161)	199,980,027
Share capital	9,901,355	5,000,000	500,000	943,577	50,000	1,000,000	973,575	500,000	18,868,507	(8,967,152)	9,901,355
Share premium	115,392,414	97,846,690	-	1,057,250	170,000	-	8,618,896	-	223,085,250	(107,692,836)	115,392,414
Retained earnings	8,611,596	75,767,030	1,287,468	2,938,290	272,625	35,147	3,802,757	6,017,033	98,731,946	(11,119,769)	87,612,177
Other reserves	-	52,397,291	-	131,039	-	45,682	1,008,004	2,536,386	56,118,402	(323,924)	55,794,478
Non-controlling Interests	-	-	-	-	-	-	-	-	-	1,345,058	1,345,058
	142,910,361	**2,898,963,547**	**2,335,702**	**8,405,090**	**1,656,929**	**1,114,843**	**18,953,612**	**38,408,977**	**3,112,749,061**	**(138,128,732)**	**2,974,620,329**
Acceptances and guarantees	**-**	**310,795,223**	**-**	**-**	**-**	**-**	**-**	**-**	**310,795,223**	**-**	**310,795,223**

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CONDENSED FINANCIAL INFORMATION

(ii) The condensed financial data of the consolidated entities as at 31 December 2021 were as follows:

RESULTS OF OPERATIONS

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
	-	-	-	-	-	-	-	-	-		-
Interest and discount income	433,307	149,880,890	38,610	194,583	68,341	26,836	165,509	11,729,712.00	162,537,788	(496,184)	162,041,604
Interest expense	-	(69,621,398)	-	-	(18,915)	(1,230)	-	(1,982,407)	(71,623,950)	496,184	(71,127,766)
Net interest income	**433,307**	**80,259,492**	**38,610**	**194,583**	**49,426**	**25,606**	**165,509**	**9,747,305**	**90,913,838**	**-**	**90,913,838**
Other income	6,027,510	33,903,928	669,027	3,834,418	114,437	5,571	3,638,374	686,889	48,880,154	(5,749,522)	43,130,632
Operating income	**6,460,817**	**114,163,420**	**707,637**	**4,029,001**	**163,863**	**31,177**	**3,803,883**	**10,434,194**	**139,793,992**	**(5,749,522)**	**134,044,470**
Operating expenses	(1,335,119)	(84,612,207)	(412,372)	(2,324,474)	(100,726)	(18,010)	(2,304,093)	(5,924,384)	(97,031,385)	846,403	(96,184,982)
Impairment losses on financial instruments	(17,387)	(13,869,666)	(9,131)	(11,063)	(8,508)	(2,074)	-	(1,320,378)	(15,238,207)	-	(15,238,207)
Results from operating activities	**5,108,311**	**15,681,547**	**286,134**	**1,693,464**	**54,629**	**11,093**	**1,499,790**	**3,189,432**	**27,524,400**	**(4,903,119)**	**22,621,281**
Share of post tax result of associate	**-**	**-**	**-**	**-**	**-**	**-**	**95,378**	**-**	95,378	-	**95,378**
Profit before tax	**5,108,311**	**15,681,547**	**286,134**	**1,693,464**	**54,629**	**11,093**	**1,595,168**	**3,189,432**	**27,619,778**	**(4,903,119)**	**22,716,659**
Income tax expense	(19,613)	494,806	(107,085)	(480,625)	(8,610)	(19,859)	(477,248)	(1,181,700)	(1,799,934)	-	(1,799,934)
Profit after tax	**5,088,698**	**16,176,353**	**179,049**	**1,212,839**	**46,019**	**(8,766)**	**1,117,920**	**2,007,732**	**25,819,844**	**(4,903,119)**	**20,916,725**
Other comprehensive income	(2,817)	(1,283,088)	-	59,476	-	-	(22,579)	-	(1,249,008)	-	(1,249,008)
Total comprehensive income for the year	**5,085,881**	**14,893,265**	**179,049**	**1,272,315**	**46,019**	**(8,766)**	**1,095,341**	**2,007,732**	**24,570,836**	**(4,903,119)**	**19,667,717**

FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	621,755	355,305,833	337,319	4,535,194	890,824	241,592	1,254,200	2,839,216	366,025,933	(3,325,850)	362,700,083
Restricted reserve deposits	-	329,739,147	-	-	-	-	-	-	329,739,147	-	329,739,147
Non-pledged Trading assets	-	41,538,274	-	-	-	-	-	-	41,538,274	-	41,538,274
Loans and advances to customers	-	1,039,831,017	75,399	262,922	1,492	3,490	24,151	23,390,721	1,063,589,192	-	1,063,589,192
Assets pledged as collateral	-	115,456,683	-	-	-	-	-	-	115,456,683	-	115,456,683
Investment securities	6,007,162	364,709,639	1,336,283	2,289,665	180,300	9,000	1,458,749	-	375,990,798	(3,442,465)	372,548,333
Investment in subsidiaries	127,378,197	-	-	-	-	-	-	-	127,378,197	(127,378,197)	-
Investment in associates	-	-	-	-	-	-	6,810,651	-	6,810,651	-	6,810,651
Property and equipment, and right of use assets	42,815	42,357,813	33,041	385,853	16,721	9,409	1,752,237	2,486,662	47,084,551	-	47,084,551
Intangible assets	-	11,484,299	-	40,798	1,846	-	35,053	248,860	11,810,856	5,345,114	17,155,970
Deferred tax assets	-	9,163,896	-	-	-	-	-	-	9,163,896	-	9,163,896
Other assets	7,849,591	125,385,937	209,113	669,171	76,386	-	903,693	457,921	135,551,812	(8,140,962)	127,410,850
	141,899,520	**2,434,972,538**	**1,991,155**	**8,183,603**	**1,167,569**	**263,491**	**12,238,734**	**29,423,380**	**2,630,139,990**	**(136,942,360)**	**2,493,197,630**
Financed by:											
Trading liabilities	-	5,174,902	-	-	-	-	-	-	5,174,902	-	5,174,902
Deposits from banks	-	160,746,916	-	-	-	-	-	-	160,746,916	-	160,746,916
Deposits from customers	-	1,557,725,370	-	-	-	14,100	-	-	1,557,739,470	(3,325,847)	1,554,413,623
Borrowings	-	63,439,596	-	-	-	-	-	17,264,470	80,704,066	-	80,704,066
On-lending facilities	-	157,873,774	-	-	-	-	-	-	157,873,774	-	157,873,774
Debt securities issued	-	81,891,084	-	-	-	-	-	-	81,891,084	(3,397,592)	78,493,492
Retirement benefit obligations	-	7,764	-	-	-	-	-	7,091	14,855	-	14,855
Current income tax liabilities	50,926	2,814,402	121,287	419,773	9,633	6,642	848,309	1,178,093	5,449,065	-	5,449,065
Deferred tax liabilities	-	-	10,146	44,841	163	4,817	109,004	139,758	308,729	-	308,729
Provision	-	6,747,270	-	-	-	-	-	-	6,747,270	-	6,747,270
Other liabilities	7,505,765	188,246,287	306,800	3,111,105	683,351	9,125	6,854,378	2,702,212	209,419,023	(9,953,799)	199,465,224
Share capital	9,901,355	5,000,000	500,000	943,577	50,000	150,000	800,000	500,000	17,844,932	(7,943,577)	9,901,355
Share premium	115,392,414	97,846,691	-	1,057,250.00	170,000.00	-	404,142	-	214,870,497	(99,478,083)	115,392,414
Retained earnings / (accumulated deficit)	9,049,060	39,203,211	1,052,922	2,206,173	254,422	9,085	2,386,001	5,146,122	59,306,997	3,565,105	62,872,102
Other reserves	-	68,255,271	-	400,884	-	69,722	836,900	2,485,633.63	72,048,411	(16,989,627)	55,058,784
Non-controlling Interests	-	-	-	-	-	-	-	-	-	581,059	581,059
	141,899,520	**2,434,972,538**	**1,991,155**	**8,183,603**	**1,167,569**	**263,491**	**12,238,734**	**29,423,380**	**2,630,139,990**	**(136,942,360)**	**2,493,197,630**
Acceptances and guarantees	**-**	**-**	**281,178,633**	**-**	**-**	**-**	**-**	**-**	**281,178,633**	**-**	**281,178,633**