FBN Holdings Plc.
Unaudited Consolidated Financial Statements
for the period ended September 30, 2023

FBN Holdings Plc.

DIRECTORS AND ADVISORS

DIRECTORS:

Ahmad Abdullahi	Non-Executive Director (Group Chairman)
Nnamdi Okonkwo	Group Managing Director
Adesola Adeduntan	Non-Executive Director
Abiodun Oluwole Fatade	Independent Non-Executive Director
Alimi Abdul-Razaq	Independent Non-Executive Director
Peter Aliogo	Independent Non-Executive Director
Ahmed Modibbo	Independent Non-Executive Director
Kofo Dosekun	Independent Non-Executive Director
Khalifa Imam	Independent Non-Executive Director
Olufemi Otedola	Non-Executive Director
Julius B. Omodayo-Owotuga	Non-Executive Director
Oyewale Ariyibi	Executive Director

AG. COMPANY SECRETARY:	Adewale Arogundade
REGISTERED OFFICE:	Samuel Asabia House 35, Marina Lagos
AUDITOR:	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street Victoria Island, Lagos Telephone: +234 271 8955 Website: www.kpmg.com/ng
REGISTRAR:	Meristem Registrars & Probate Services Limited 213 Herbert Macaulay Way Yaba, Lagos
BANKERS:	First Bank of Nigeria Limited 35 Marina, Lagos FBNQuest Merchant Bank Limited 2, Broad Street Lagos
TAX IDENTIFICATION NUMBER:	15562790-0001

Certification pursuant to section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to FBN Holdings Plc financial report for the period ended September 30, 2023 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not:
(i) contain any untrue statement of a material fact, or
(ii) omit to state a material fact, which could make the statements misleading in the light of the circumstances under which such statements were made.

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly represent in all material respects the financial condition and results of operations of the Company as of September 30, 2023 and the periods presented in the report.

(d) We:
(i) are responsible for establishing and maintaining internal controls.
(ii) have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared.
(iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the reports.
(iv) have presented in the report our conclusions about the effectiveness of the Company's internal controls based on our evaluation as of that date.

(e) We have disclosed to the auditors of the Company and the audit committee:
(i) all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
(ii) Any fraud, whether or not material, that involve management or other employees who have significant role in the Company's internal controls.

(f) We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.

NNAMDI OKONKWO
Group Managing Director
FRC/2014/ICA/00000006963

OYEWALE ARIYIBI
Executive Director
FRC/2013/ICAN/00000001251

Shareholding Structure and Free Float Status

Company Name:	FBN Holdings Plc
Board Listed:	Premium Board
Period End:	December 31
Reporting Period:	Period ended September 30, 2023
Share Price at end of reporting period:	N16.35 (September 30, 2022: N10.20)

Description	30 September 2023		30 September 2022	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	35,895,292,791	100%	35,895,292,791	100.00%
Substantial Shareholdings (5% and above):				
Mr. Femi Otedola (Direct)	40,033,982	0.11%	10,000,000	0.03%
Mr. Femi Otedola (Indirect)	1,989,342,376	5.54%	1,989,342,376	5.54%
Total Substantial Shareholdings	**2,029,376,358**	**5.65%**	**1,999,342,376**	**5.57%**
Directors' shareholdings (direct and indirect), excluding directors with substantial interests				
Alhaji Ahmad Abdullahi	-	0.00%	-	0.00%
Mr. Nnamdi Okonkwo	9,019,300	0.03%	9,019,300	0.03%
Mrs Kofoworola Dosekun	-	0.00%	-	0.00%
Sir. Peter Aliogo	-	0.00%	-	0.00%
Mr. Ahmed Modibbo	-	0.00%	-	0.00%
Mr. Khalifa Imam	-	0.00%	-	0.00%
Dr. Abiodun Fatade	-	0.00%	-	0.00%
Dr. Alimi Abdul-Razaq	-	0.00%	-	0.00%
Dr. Adesola Adeduntan	18,871,689	0.05%	18,871,689	0.05%
Julius B. Omodayo-Owotuga	-	0.00%	-	0.00%
Mr. Oyewale Ariyibi	4,008,850	0.01%	4,008,850	0.01%
Total Directors' Shareholdings	**31,899,839**	**0.09%**	**31,899,839**	**0.09%**
Other Influential Shareholdings:				
Mr. Tunde Hassan-Odukale (Direct)	27,530,930	0.08%	27,231,887	0.08%
Mr. Tunde Hassan-Odukale (Indirect)	1,552,705,784	4.33%	1,558,676,194	4.34%
	1,580,236,714	**4.40%**	**1,585,908,081**	**4.42%**
UBAPFC/Leadway Pensure RSA Account	362,347,446	1.01%	362,347,446	1.01%
Free Floats in Units and Percentage	31,891,432,434	88.85%	31,915,795,049	88.91%
Free Floats in Value (N)	**521,424,920,295.90**		**325,541,109,499.80**	

For the purpose of this report only, the shares held by UBAPFC/Leadway Pensure RSA Account are not considered as free floating in view of the relationship of Mr. Tunde Hassan-Odukale with Leadway Pensure Limited.

Declaration:
FBN Holdings Plc with a free float value of N521,424,920,295.90 (88.85%) as at September 30, 2023 (September 30, 2022: N325,541,109,499.80 (88.91%) is compliant with the Nigerian Stock Exchange's free float requirements for companies listed on the Premium Board.

Adewale Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810

FBN Holdings Plc.

INCOME STATEMENT

	Note	GROUP Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Q3 ended 30 Sept. 2022 N 'million	Year to date 30 Sept. 2022 N 'million
Continuing operations					
Interest income	4	250,518	633,804	144,011	370,364
Interest expense	5	(110,150)	(256,106)	(47,390)	(120,831)
Net interest income		**140,368**	**377,698**	**96,621**	**249,533**
Impairment charge for losses	6	(24,749)	(82,377)	(15,000)	(36,711)
Net interest income after impairment charge for losses		**115,619**	**295,321**	**81,621**	**212,822**
Fee and commission income	7a	54,613	143,464	40,148	110,841
Fee and commission expense	7b	(9,334)	(24,480)	(7,520)	(19,843)
Net fee and commission income		**45,279**	**118,984**	**32,628**	**90,998**
Foreign exchange income/ (loss)	8	1,753	(96,665)	(14,375)	2,135
Net gains on sale of investment securities	9	298	43,551	4,537	26,945
Net gains/(loss) from financial instruments at FVTPL	10	16,334	246,078	10,616	21,887
Dividend income	11	989	5,393	111	3,002
Other operating income	12	4,310	9,567	2,887	12,066
Personnel expenses		(47,965)	(113,187)	(29,600)	(84,908)
Depreciation, amortisation and impairment		(9,820)	(24,454)	(6,617)	(20,503)
Other operating expenses	13	(62,935)	(214,640)	(42,153)	(158,912)
Operating profit		63,862	269,948	39,655	105,532
Share of profit/(loss) of associates	23	210	385	114	(40)
Profit before tax		**64,072**	**270,333**	**39,769**	**105,492**
Income tax expense	14	(14,807)	(33,831)	(5,082)	(14,203)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**49,265**	**236,502**	**34,687**	**91,289**
Discontinued operations					
Loss for the period from discontinued operations	28.3	(25)	(86)	(21)	(87)
PROFIT FOR THE PERIOD		**49,240**	**236,416**	**34,666**	**91,202**
Profit attributable to:					
Owners of the parent		48,405	234,728	34,304	90,083
Non-controlling interests		835	1,688	362	1,119
		49,240	**236,416**	**34,666**	**91,202**
Earnings per share attributable to owners of the parent					
Basic/diluted earnings per share (expressed in naira per share):					
From continuing operations			6.54		2.51
From discontinued operations			(0.00)		(0.00)
From profit for the period			6.54		2.51

INCOME STATEMENT

	Note	COMPANY Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Q3 ended 30 Sept. 2022 N 'million	Year to date 30 Sept. 2022 N 'million
Continuing operations					
Interest income	4	795	2,711	572	1,444
Interest expense	5	(1)	(4)	-	-
Net interest income		**794**	**2,707**	**572**	**1,444**
Impairment charge for losses	6	-	-	-	-
Net interest income after impairment charge for losses		**794**	**2,707**	**572**	**1,444**
Foreign exchange income/ (loss)	8	30	331	15	13
Net gains on sale of investment securities	9	-	13	-	-
Net gains/ (losses) from financial instruments at FVTPL	10	(379)	(379)	-	-
Dividend income	11	(233)	(233)	-	(108)
Other operating income	12	48	48	3	3
Personnel expenses		(365)	(705)	(188)	(565)
Depreciation, amortisation and impairment		(92)	(237)	(52)	(156)
Other operating expenses	13	(579)	(1,530)	(511)	(1,477)
Profit/ (loss) before tax		**(776)**	**15**	**(161)**	**(846)**
Income tax expense	14	(4)	(14)	(5)	(7)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(780)**	**1**	**(166)**	**(853)**
Discontinued operations					
Profit for the period from discontinued operations		-	-	-	-
PROFIT/ (LOSS) FOR THE PERIOD		**(780)**	**1**	**(166)**	**(853)**
Profit/ (loss) attributable to:					
Owners of the parent		(780)	1	(166)	(853)
Non-controlling interests		-	-	-	-
		(780)	**1**	**(166)**	**(853)**
Earnings per share attributable to owners of the parent					
Basic/diluted earnings per share (expressed in naira per share):					
From continuing operations			0.00		(0.02)
From discontinued operations			-		
From profit for the period			0.00		(0.02)

STATEMENT OF COMPREHENSIVE INCOME

	GROUP			
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Q3 ended 30 Sept. 2022 N 'million	Year to date 30 Sept. 2022 N 'million
PROFIT FOR THE PERIOD	**49,240**	**236,416**	**34,666**	**91,202**
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Net (losses)/gains on investments at fair value through other comprehensive income:				
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(41,946)	(3,347)	(14,106)	(29,880)
Exchange difference on translation of foreign operations	6,185	162,680	(14,060)	(35,137)
Items that will not be reclassified to profit or loss				
Net gains/(losses) on equity instruments at fair value through other comprehensive income	5	310	142	(93)
Total other comprehensive income/(loss) for the period	**(35,756)**	**159,643**	**(28,024)**	**(65,110)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**13,484**	**396,059**	**6,642**	**26,092**
Total comprehensive income attributable to:				
Owners of the parent	12,649	394,371	6,280	24,973
Non-controlling interests	835	1,688	362	1,119
	13,484	**396,059**	**6,642**	**26,092**
Total comprehensive income/(loss) attributable to owners of the parent arises from :				
Continuing operations	12,663	394,418	6,292	25,021
Discontinued operations	(14)	(47)	(12)	(48)
	12,649	**394,371**	**6,280**	**24,973**

FBN Holdings Plc.

STATEMENT OF COMPREHENSIVE INCOME

	COMPANY			
	Q3 ended 30 Sept. 2023 N 'million	**Year to date 30 Sept. 2023 N 'million**	**Q3 ended 30 Sept. 2022 N 'million**	**Year to date 30 Sept. 2022 N 'million**
PROFIT/ (LOSS) FOR THE PERIOD	**(780)**	**1**	**(166)**	**(853)**
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(77)	(128)	(195)	(182)
Total other comprehensive (loss)/ income for the period	**(77)**	**(128)**	**(195)**	**(182)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(857)**	**(127)**	**(361)**	**(1,035)**
Total comprehensive income attributable to:				
Owners of the parent	(857)	(127)	(361)	(1,035)
Non-controlling interests	-	-	-	-
	(857)	**(127)**	**(361)**	**(1,035)**
Total comprehensive income attributable to owners of the parent arises from:				
Continuing operations	(857)	(127)	(361)	(1,035)
Discontinued operations	-	-	-	-
	(857)	**(127)**	**(361)**	**(1,035)**

STATEMENT OF FINANCIAL POSITION

	Note	GROUP 30 Sept. 2023 N 'million	GROUP 31 Dec. 2022 N 'million	COMPANY 30 Sept. 2023 N 'million	COMPANY 31 Dec. 2022 N 'million
ASSETS					
Cash and balances with central banks	15	2,334,850	1,790,863	-	-
Loans and advances to banks	17	1,608,557	1,223,061	19,629	18,331
Loans and advances to customers	18	5,345,869	3,789,061	319	39
Financial assets at fair value through profit or loss	19	630,821	278,466	-	1,601
Investment securities	20	2,349,712	2,321,885	2,858	3,963
Asset pledged as collateral	21	1,116,300	595,171	-	-
Other assets	22	817,392	373,130	1,841	19,032
Investment in associates	23	1,570	1,185	-	-
Investment in subsidiaries	24	-	-	262,671	262,671
Property and equipment	25	145,801	125,167	1,035	718
Intangible assets	26	26,344	15,859	-	-
Deferred tax assets	27	45,373	30,909	-	-
		14,422,589	10,544,757	288,353	306,355
Assets held for sale	28.4	33,070	32,953	-	-
Total assets		**14,455,659**	**10,577,710**	**288,353**	**306,355**
LIABILITIES					
Deposits from banks	29	1,212,919	1,055,254	-	-
Deposits from customers	30	9,252,314	7,124,086	-	-
Financial liabilities at fair value through profit or loss	31	104,527	38,384	-	-
Current income tax liabilities	32	50,701	27,901	20	29
Other liabilities	33	1,536,466	652,554	17,350	17,269
Borrowings	34	914,822	675,440	-	-
Retirement benefit obligations	35	7,212	5,699	-	-
Deferred tax liabilities	27	1,062	868	-	-
		13,080,023	9,580,186	17,370	17,298
Liabilities held for sale	28.3	1,783	1,783	-	-
Total liabilities		**13,081,806**	**9,581,969**	**17,370**	**17,298**
EQUITY					
Share capital	36	17,948	17,948	17,948	17,948
Share premium	37	233,392	233,392	233,392	233,392
Retained earnings	37	608,729	397,709	21,445	39,391
Statutory reserve	37	160,545	156,553	-	-
Capital reserve	37	-	-	10	10
SME investment reserve	37	6,076	6,076	-	-
Fair value reserve	37	95,023	98,060	(1,812)	(1,684)
Regulatory risk reserve	37	21,993	20,224	-	-
Foreign currency translation reserve	37	216,347	53,667	-	-
		1,360,053	983,629	270,983	289,057
Non-controlling interests		13,800	12,112	-	-
Total equity		**1,373,853**	**995,741**	**270,983**	**289,057**
Total equity and liabilities		**14,455,659**	**10,577,710**	**288,353**	**306,355**

The unaudited consolidated financial statements were approved by the Board of Directors on October 27, 2023 and signed on its behalf by:

NNAMDI OKONKWO
Group Managing Director
FRC/2014/ICA/00000006963

OYEWALE ARIYIBI
Executive Director
FRC/2013/ICAN/00000001251

FBN Holdings Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent											
	Share capital	Share premium	Retained earnings	Capital reserve	Statutory reserve	SME investment reserve	Fair value reserve	Regulatory risk reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at January 1, 2022	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	869,451	10,405	879,856
Profit for the period	-	-	90,083	-	-	-	-	-	-	90,083	1,119	91,202
Other comprehensive income												
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	(35,137)	(35,137)	-	(35,137)
Fair value changes on financial assets at FVOCI	-	-	-	-	-	-	(29,973)	-	-	(29,973)	-	(29,973)
Total comprehensive income	-	-	90,083	-	-	-	(29,973)	-	(35,137)	24,973	1,119	26,092
Transactions with owners												
Dividend paid	-	-	(12,563)	-	-	-	-	-	-	(12,563)	-	(12,563)
Reclassificatio adjustment	-	-	228	-	-	-	(228)	-	-	-	-	-
Transfer between reserves	-	-	(1,507)	-	1,802	-	-	(295)	-	-	-	-
Total transactions with Owners	-	-	(13,842)	-	1,802	-	(228)	(295)	-	(12,563)	-	(12,563)
At September 30, 2022	17,948	233,392	388,118	1,223	137,174	6,076	57,763	2,945	37,222	881,861	11,524	893,385
Balance at January 1, 2023	17,948	233,392	397,709	-	156,553	6,076	98,060	20,224	53,667	983,629	12,112	995,741
Profit for the period	-	-	234,728	-	-	-	-	-	-	234,728	1,688	236,416
Other comprehensive income												
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	162,680	162,680	-	162,680
Fair value changes on financial assets at FVOCI	-	-	-	-	-	-	(3,037)	-	-	(3,037)	-	(3,037)
Total comprehensive income	-	-	234,728		-	-	(3,037)	-	162,680	394,371	1,688	396,059
Transactions with owners												
Dividend paid	-	-	(17,947)	-	-	-	-	-	-	(17,947)	-	(17,947)
Transfer between reserves	-	-	(5,761)	-	3,992	-	-	1,769	-	-		-
Total transactions with Owners	-	-	(23,708)	-	3,992	-	-	1,769	-	(17,947)	-	(17,947)
At September 30, 2023	17,948	233,392	608,729	-	160,545	6,076	95,023	21,993	216,347	1,360,053	13,800	1,373,853

COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Capital reserve	Fair value reserve	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at January 1, 2022	17,948	233,392	32,494	10	(1,558)	282,286
Loss for the period	-	-	(853)	-	-	(853)
Other comprehensive income						
Fair value changes on financial assets at FVOCI	-	-	-	-	(182)	(182)
Total comprehensive income	-	-	(853)	-	(182)	(1,035)
Transactions with owners						
Dividend paid	-	-	(12,563)	-	-	(12,563)
Total transactions with Owners	-	-	(12,563)	-	-	(12,563)
At September 30, 2022	17,948	233,392	19,078	10	(1,740)	268,688
Balance at January 1, 2023	17,948	233,392	39,391	10	(1,684)	289,057
Profit for the period	-	-	1	-	-	1
Other comprehensive income						
Fair value changes on financial assets at FVOCI	-	-	-	-	(128)	(128)
Total comprehensive income	-	-	1	-	(128)	(127)
Transactions with owners						
Dividend paid	-	-	(17,947)	-	-	(17,947)
Total transactions with Owners	-	-	(17,947)	-	-	(17,947)
At September 30, 2023	17,948	233,392	21,445	10	(1,812)	270,983

FBN Holdings Plc.

STATEMENT OF CASH FLOWS

	Note	GROUP 30 Sept 2023 N 'million	GROUP 30 Sept 2022 N 'million	COMPANY 30 Sept 2023 N 'million	COMPANY 30 Sept 2022 N 'million
Operating activities					
Cash flow used in operations	38	(83,976)	(5,899)	(2,561)	(773)
Income taxes paid		(25,004)	(8,572)	-	(1)
Interest received		598,545	357,212	2,711	817
Interest paid		(197,891)	(94,304)	-	-
Net cash flow (used in)/generated from operating activities		291,674	248,437	150	42
Investing activities					
Purchase of investment securities		(3,309,547)	(2,615,887)	-	-
Proceeds from the sale of investment securities		3,106,186	2,559,151	1,239	-
Dividends received		5,393	3,002	18,343	13,537
Purchase of property and equipment		(25,202)	(13,138)	(581)	(308)
Purchase of intangible assets		(14,099)	(2,901)	-	-
Proceeds on disposal of property and equipment		6,074	1,883	34	78
Net cash flow (used in)/generated from investing activities		(231,195)	(67,890)	19,035	13,307
Financing activities					
Dividend paid		(17,947)	(12,563)	(17,947)	(12,563)
Proceeds from new borrowings		327,374	226,904	-	-
Repayment of borrowings		(353,120)	(173,399)	-	-
Net cash flow used in financing activities		(43,693)	40,943	(17,947)	(12,563)
Increase/ (decrease) in cash and cash equivalents		16,786	221,490	1,238	786
Cash and cash equivalents at start of period		1,862,451	1,456,967	18,331	16,477
Effect of exchange rate fluctuations on cash held		(8,417)	(217)	60	13
Cash and cash equivalents at end of period	16	1,870,820	1,678,240	19,629	17,276

1 General information

These financial statements are the consolidated financial statements of FBN Holdings Plc. (the Company), and its subsidiaries (hereafter referred to as 'the Group'). The Registered office address of the Company is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.

The principal activities of the Group are mainly the provision of commercial banking services, merchant banking and asset management services, insurance brokerage services and provision of other financial services.

The unaudited consolidated financial statements for the period ended September 30, 2023 were approved and authorised for issue by the Board of Directors on October 27, 2023

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of separate and consolidated financial statements of the parent and the Group are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s consolidated financial statements for the period ended September 30, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with the applicable interpretations – International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretation Committee (SIC) as issued by IFRS Interpretation Committee. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise the income statement, statement of comprehensive income, statement of financial position, the statement of changes in equity, statement of cash flows and the related notes for the Group and the Company.

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

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed.

The Directors believe that the underlying assumptions are appropriate and that the Group’s financial statements therefore present the financial position and results fairly.

2.1.1 Basis of measurement

These financial statements have been prepared in accordance with the going concern principle under the historical cost basis except for the following:

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Financial assets at fair value through other comprehensive income
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the Group

The Group has not applied any standards and amendment for the first time for their annual reporting period commencing January 1, 2023.

2.2.2 New standards, interpretations and amendments to existing standards that are not yet effective

A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective, and have not been applied in preparing these consolidated financial statements.

(i) Classification of Liabilities as Current or Non-Current (Ammendment to IAS 1)
(ii) IFRS 17 - Insurance Contracts
(iii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
(iv) Definition of Accounting Estimates- Ammendment to IAS 8
(v) Lease liability in a Sale and Leaseback (Ammendment to IFRS 16)
(iv) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Ammendment to IFRS 10 and IAS 28)

2.3 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assessment of control is based on the consideration of all facts and circumstances. The Group reassesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the elements of control.

Investment in subsidiaries is measured at cost less accumulated impairment losses in the separate financial statements

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

b. Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is measured at cost in the separate financial statements of the investor. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements of the Group. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

All transactions between business segments are conducted at arm's length, with inter-segment revenue and expenditure eliminated at the Group. Income and expenses directly associated with each segment is included in determining the segment's performance.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgment in developing and applying an accounting policy that is relevant and reliable. In making this judgment, directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

Accordingly, the Group's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS. The Company incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation

a. *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).
The consolidated financial statements are presented in Nigerian Naira which is the group's presentation currency.

b. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re- measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

c. *Group companies*

The results and financial position of all the group entities which have functional currency different from the Group’s presentation currency, are translated into the Group’s presentation currency as follows:

• assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date;

• income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and

• all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate . Exchange differences arising are recognised in other

2.7 Income taxation

a. Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Inventories

Inventories include stock of consumables and repossessed assets held for resale. Stock of consumables comprise of materials to be consumed in the process of rendering of services as well as accessories held for subsequent issuance to customers. They are measured at lower of cost and net realisable value. Cost comprises cost of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net reliasble value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recgnised as an expense in the period in which the relevant revenue is recognised.

Repossessed assets held for resale include assets held as collaterals recovered from defaulting loan customers. These assets includes Land, Buildings, Tank farm, Rigs and Vessel, They are valued at the lower of cost and net realisable value. Cost is the carrying amount of the related loan at the date of exchange. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.9 Financial assets and liabilities

In accordance with IFRS 9, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.9.1 Financial assets

The Group allocates financial assets into one of the following categories: Fair value through profit or loss, Amortised cost and Fair value through other comprehensive income. The Group classifies all financial assets on the basis of the business model for managing the asset and the contractual cashflow characteristics of the asset.

a. *Financial assets at fair value through profit or loss (FVTPL)*

Financial assets measured at fair value through profit or loss include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the statement of financial position, with transaction costs recognized immediately in the income statement. Realized and unrealized gains and losses are also recognized in the income statement.

b. *Financial assets measured at amortised cost*

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.
After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Amortization is included in interest income in the income statement. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the statement of financial position.

c. Financial assets at fair value through other comprehensive

Financial assets are measured at fair value through other comprehensive income (FVOCI) if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship any changes in fair value due to changes in the hedged risk is recognized in the income statement. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the income statement. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to interest income in the income statement using the effective interest rate method.

d. *Recognition*

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.9.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

a. *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

b. Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

2.9.3 Derivative financial instruments

Derivative financial instruments include swaps, forward rate agreements, futures, options and combinations of these instruments, and they primarily affect the Group's net interest income, net trading income, net fee and commission income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. All derivative financial instruments are held at fair value through profit or loss.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the

2.9.4 Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.9.5 Determination of fair value

Fair value is defined as 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.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, the Nigerian Exchange Limited (NGX)) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

2.9.6 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.9.7 Reclassification of financial assets

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. A change in the Group's business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations.

2.10 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Revenue recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within ‘interest income’ and ‘interest expense’ 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 asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (`POCI') financial assets — assets that are credit-impaired at initial recognition — the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial assetinstead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

b. Fees and commission income

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. For other fees and commission income, it is the Group’s policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

c. Dividend income

Dividend income is recognised when the right to receive income is established.

2.12 Impairment of financial assets

The Group assesses the following financial assets for impairment using the Expected Credit Loss (ECL) approach:
• Financial assets classified at amortised cost
• Debt securities classified at fair value through other comprehensive income
• Off-balance sheet loan commitments and
• Financial guarantee contracts.

Equity instruments and financial assets measured at fair value through profit or loss are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model
The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.
The Group adopts a three-stage approach for impairment assesesment based on changes in credit quality since initial recognition.
• Stage 1 – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
• Stage 2 – When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

2.13 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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. An impairment loss in respect of goodwill is not reversed.

2.14 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2.15 Discontinued operations

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed or is classified as held for sale and:

i. represents a separate major line of business or geographical area of operations;
ii. is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
iii. is a subsidiary aquired exlusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

2.16 Leases

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

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.
This policy is applied to contracts entered into, or changed, on or after January 1, 2019

Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease Liabilities

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

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

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

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

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

The lease liability is subsequently 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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

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

Short-term leases and leases of low-value assets
Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N1 million when new,e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has applied the low value lease exemption for leases of printers as they are less than N1 million when new.

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

The Group is the lessor

(i) *Operating lease*
When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis.

(ii) *Finance lease*
When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of

2.17 Investment Properties
Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise residential buildings constructed with the aim of leasing out to tenants or for selling. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment

The fair value reflects market conditions at the date of the statement of financial position and is obtained from professional third party valuators contracted to perform valuations on behalf of the Group. The fair value does not reflect future capital expenditure that will improve or enhance the property.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Transfer to, or from, investment property is recognized only when there is a change in use, evidenced by one or more of the following:
i. commencement of owner-occupation (transfer from investment property to owner-occupied property)
ii. commencement of development with the view to sale (transfer from investment property to inventories)
iii. end of owner-occupation (transfer from owner-occupied property to investment property)
iv. commencement of an operating lease to another party (transfer from inventories to investment property)
v. end of construction or development (transfer from property in the course of construction/ development to investment pro

Investment properties are derecognized on disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other operating income in the income statement.

2.18 Property and Equipment

All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate
Improvement and buildings	2%
Motor vehicles	25%
Office equipment	20%
Computer equipment	33⅓%
Furniture and fittings	20%
Machinery	20%

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review on an annual basis to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

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/ loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the period the asset is

2.19 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiary and associates, and represents the excess of the cost of acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition. For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment loss is immediately recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit that is expected to derive benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on acquisitions of associates is included in the amount of the investment.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

b. Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

i. It is technically feasible to complete the software product so that it will be available for use;
ii. Management intends to complete the software product and use or sell it;
iii. There is an ability to use or sell the software product;
iv. It can be demonstrated how the software product will generate probable future economic benefits;
v. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
vi. The expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

c. Derecognition

An item of intangibles is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition 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.

2.20 Cash and cash equivalents

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 banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents excludes restricted balances with central banks.

2.21 Employee benefits

(i) Post-employment benefits

The Group has both defined benefit and defined contribution plans

a. *Defined contribution plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company and all entities within the Group make contributions in line with relevant pension laws in their jurisdiction. In Nigeria, the company contributes 16.5% of each employee's monthly emoluments (as defined by the Pension Act 2014) to the employee's Retirement Savings Account. The Act stipulates a minimum contribution of 10%.

b. *Defined benefit plan*

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, periods of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the Estimated future cash outflows using interest rates of Federal government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

(ii) Short-term benefits

Short-term benefits consists of salaries, accumulated leave allowances, bonuses and other non-monetary benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related services provided.

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.22 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.23 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.24 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Group. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2.25 Share capital

a. *Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

b. *Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

Dividends for the period that are declared after the reporting date 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 Company and Allied Matters Act.

c. *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the 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.

d. *Treasury shares*

Where the Company or other members of the Group purchase the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

e. *Regulatory risk reserve*

In compliance with the Prudential Guidelines for licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendants provision as per the table below based on objective criteria.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve "Regulatory risk reserve". Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to regulatory risk reserve.

2.26 Financial guarantees

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder of a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at the fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guaranteee has become probable).

3 Segment information

In accordance with the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Board of Directors (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.

The Group is divided into the following business units:
1. Commercial Banking Business Group
2. Merchant Banking and Asset Management Business Group
3. Others

Commercial Banking Business Group

This is the Group's core business, which provides both individual and corporate clients/customers with financial intermediation services. This business segment includes the Group's local, international and representative offices offering commercial banking services.

Merchant Banking and Asset Management Business Group (MBAM)

This is the investment-banking arm of the Group, providing advisory, asset management, markets and private equity services to a large institutional (corporations and governments) clientele, as well as merchant banking services.

Others

Others, previously referred to as Other Financial Services, comprises of FBN Holdings Plc., the parent company, FBN Insurance Brokers Limited and Rainbow Town Development Limited.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effect of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring events.

As the Board of Directors reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. The transactions between segments are carried out at arm's length, which is consistent with the basis of transacting with external parties.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Board of Directors.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

Segment result of operations

Total revenue in the segment represents: Interest income, fee and commission income, foreign exchange income, net gains/losses on sale of investment securities, net gains/losses from financial instruments at fair value through profit/loss, dividend income, other operating income and share of profit/loss of associates.

The segment information provided to the Board of Directors for the reportable segments for the period ended September 30, 2023 is as follows:

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
For the period ended September 30, 2023				
Total segment revenue	922,248	60,630	3,837	**986,715**
Inter-segment revenue	(371)	(152)	(615)	**(1,138)**
Revenue from external customers	921,877	60,478	3,222	**985,577**
Interest income	604,673	26,614	2,517	**633,804**
Interest expense	(233,876)	(22,226)	(4)	**(256,106)**
Profit/(loss) before tax	248,475	21,555	303	**270,333**
Income tax expense	(27,403)	(6,157)	(271)	**(33,831)**
Profit/(loss) for the period from continuing operations	221,072	15,398	32	**236,502**
Loss for the period from discontinued operations	-	-	(86)	**(86)**
Impairment charge on losses	(76,480)	(5,897)	-	**(82,377)**
Depreciation	(17,988)	(477)	(271)	**(18,736)**
Amortisation	(5,664)	(49)	(5)	**(5,718)**

3 Segment information continued

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
September 30, 2023				
Total assets	13,824,267	594,419	36,973	**14,455,659**
Other measures of assets:				
Loans and advances to customers	5,248,250	97,298	321	**5,345,869**
Expenditure on non-current assets (PP&E)	140,674	3,639	1,488	**145,801**
Investment securities	2,138,266	208,588	2,858	**2,349,712**
Total liabilities	12,538,343	523,321	20,142	**13,081,806**
For the period ended September 30, 2022				
Total segment revenue	512,924	35,938	2,333	**551,195**
Inter-segment revenue	(3,528)	(252)	(215)	**(3,995)**
Revenue from external customers	509,396	35,686	2,118	**547,200**
Interest income	351,292	17,628	1,444	**370,364**
Interest expense	(106,313)	(14,518)	-	**(120,831)**
Profit/(loss) before tax	94,739	11,629	(876)	**105,492**
Income tax expense	(10,721)	(3,283)	(199)	**(14,203)**
Profit/(loss) for the period from continuing operations	84,018	8,346	(1,075)	**91,289**
Loss for the period from discontinued operations	-	-	(87)	**(87)**
Impairment charge for losses	(35,903)	(808)	-	**(36,711)**
Depreciation	(14,723)	(362)	(184)	**(15,269)**
Amortisation	(5,182)	(52)	-	**(5,234)**
At 31 December 2022				
Total assets	10,064,010	474,610	39,090	**10,577,710**
Other measures of assets:				
Loans and advances to customers	3,682,528	106,473	60	**3,789,061**
Expenditure on non-current assets	121,213	2,760	1,194	**125,167**
Investment securities	2,172,663	145,184	4,037	**2,321,885**
Total liabilities	9,164,157	397,836	19,974	**9,581,969**

Geographical information

Revenues

	30 Sept. 2023 N 'million	30 Sept. 2022 N 'million
Nigeria	803,241	453,825
Outside Nigeria	182,336	93,375
Total	**985,577**	**547,200**

Non current asset

	30 Sept. 2023 N 'million	31 December 2022 N 'million
Nigeria	107,000	96,772
Outside Nigeria	38,801	28,395
Total	**145,801**	**125,167**

4 Interest income

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Investment securities	75,751	186,715	80,447	70	215	203
Loans and advances to banks	15,727	33,058	19,212	721	2,491	1,239
Loans and advances to customer	159,040	414,031	270,705	4	5	2
	250,518	633,804	370,364	795	2,711	1,444

5 Interest expense

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Deposit from customer	72,782	174,443	77,272	-	-	-
Deposit from banks	24,329	54,432	25,388	-	-	-
Borrowings and others	13,039	27,231	18,171	1	4	-
	110,150	256,106	120,831	1	4	-

6 Impairment charge for losses

	GROUP		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Loans and advances to banks			
12 - month ECL	-	-	(1)
Investment securities			
12 - month ECL	(1,555)	4,325	9
Loans and advances to customers			
Increase in impairment loss	26,305	70,895	36,532
Bad debt written off	-	-	104
Other assets			
Increase in impairment	230	7,283	57
Off balance sheet			
(Decrease)/increase in impairment	(231)	(126)	10
	24,749	82,377	36,711

7a Fee and commission income

	GROUP		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Credit related fees	4,408	11,490	8,242
Letters of credit commissions and fees	13,162	27,912	18,077
Electronic banking fees	14,775	48,789	39,977
Commission on bonds and guarantees	297	1,050	1,297
Funds transfer & intermediation fees	5,905	13,310	9,366
Account Maintenance	5,896	15,068	13,151
Brokerage and intermediations	1,110	3,143	2,912
Custodian fees	3,023	8,465	6,071
Financial advisory fees	1,723	2,804	2,669
Fund management fees	2,243	5,997	4,879
Other fees and commissions	2,071	5,436	4,200
	54,613	143,464	110,841

7b Fees and commission expense

	GROUP		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Fees and commission expense	9,334	24,480	19,843

Fee and commission expense primarily relates to charges raised by switching platforms on holders of First Bank Limited ATM cards, who make use of the other banks' machines while transacting business,and SMS alert related expenses.

8 Foreign exchange income/ (loss)

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Foreign exchange trading income	6,207	20,977	1,319	-	-	-
Foreign exchange revaluation gain/ (loss)	(4,454)	(117,642)	816	30	331	13
	1,753	(96,665)	2,135	30	331	13

9 Net gains on sale of investment securities

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Gains on sale of investment securities	298	43,551	26,945	-	13	
	298	43,551	26,945	-	13	-

10 Net gains/(losses) from financial instruments at fair value through profit or loss

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Trading (losses) on debt securities	(499)	(5,148)	(12,521)	-	-	-
Fair value gains/ (losses)	16,833	251,226	34,408	(379)	(379)	-
	16,334	246,078	21,887	(379)	(379)	-

11 Dividend income

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
FBNQuest Capital Limited	-	-	-	-	-	300
Others*	989	5,393	3,002	-	-	-
Withholding tax on dividend **	-	-	-	(233)	(233)	(408)
	989	5,393	3,002	(233)	(233)	(108)

*This represents dividend income earned from other equity investments held by subsidiaries of FBN Holdings Plc

**This represents the withholding tax paid by the company during the year on the portion of dividend received from subsidiaries which was retained by the company.

12 Other operating income

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
(Loss)/ gain on sale of property and equipment	(3)	95	1,227	7	7	3
Recoveries	3,419	6,586	5,506	-	-	-
Sundry income	894	2,886	5,333	41	41	-
	4,310	9,567	12,066	48	48	3

13 Operating expenses

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Directors' emoluments	980	2,363	2,089	323	700	730
Regulatory cost	8,712	70,831	59,295	-	-	-
Maintenance	15,647	40,424	29,015	19	51	67
Insurance premium, rent and rates	3,836	11,093	10,342	36	97	54
Advert and corporate promotions	5,935	20,229	7,592	43	75	86
Professional fees	5,030	11,606	9,420	108	126	238
Donations and subscriptions	443	889	386	9	30	16
Stationery and printing	890	2,168	643	7	10	22
Communication, light and power	5,719	15,013	12,083	1	3	6
Cash handling charges	1,004	2,602	1,489	-	-	-
Fines and penalties	4	14	12	4	14	12
Operational and other losses	1,546	3,762	2,251	-	-	-
Passages and travels	3,016	7,324	3,815	3	247	124
Outsourced cost	6,700	15,644	12,848	4	13	22
Other operating expenses	3,473	10,678	7,632	22	164	100
	62,935	214,640	158,912	579	1,530	1,477

14 Taxation - Income tax expense

	GROUP			COMPANY		
	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million	Q3 ended 30 Sept. 2023 N 'million	Year to date 30 Sept. 2023 N 'million	Year to date 30 Sept. 2022 N 'million
Current income tax	14,489	48,101	12,116	4	14	7
Origination of temporary deferred tax differences	318	(14,270)	2,087	-	-	-
Income tax expense	**14,807**	**33,831**	**14,203**	4	**14**	**7**

15 Cash and balances with central banks

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Cash	161,857	126,904
Balances with central banks excluding mandatory reserve deposits	381,185	105,696
	543,042	232,600
Mandatory reserve deposits with Central Banks	1,791,808	1,558,263
	2,334,850	1,790,863

Mandatory reserve deposits with Central Banks represents a percentage of customers' deposits (prescribed from time to time by the Central Banks) which are not available for daily use. For the purposes of the Statement of cashflow, this balance is excluded from cash and cash equivalents.

16 Cash and cash equivalents

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	GROUP		COMPANY	
	30 Sept. 2023 N 'million	30 Sept 2022 N 'million	30 Sept. 2023 N 'million	30 Sept 2022 N 'million
Cash	161,857	131,782	-	-
Balances with central banks other than mandatory reserve deposits	381,185	190,809	-	-
Loans and advances to banks excluding long term placements	1,175,948	1,001,736	19,629	17,276
Treasury bills included in financial assets at FVTPL	11,368	3,728	-	-
Treasury bills and eligible bills excluding pledged treasury bills	140,462	350,185	-	-
	1,870,820	1,678,240	19,629	17,276

17 Loans and advances to banks

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Current balances with banks within Nigeria	780,979	540,727	2,408	566
Current balances with banks outside Nigeria	341,965	362,766	-	-
Placements with banks and discount houses	53,004	39,514	17,221	17,765
	1,175,948	943,007	19,629	18,331
Long term placement/Cash collateral balance	432,609	280,054	-	-
Carrying amount	1,608,557	1,223,061	19,629	18,331

18 Loans and advances to customers

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Overdrafts	1,767,690	1,086,547	-	-
Term loans	3,766,821	2,512,491	319	39
Project finance	21,607	330,171	-	-
	5,556,118	3,929,209	319	39
Less impairment allowance:				
- Stage 1	(14,654)	(11,109)	-	-
- Stage 2	(55,375)	(47,981)	-	-
- Stage 3	(140,220)	(81,058)	-	-
	5,345,869	3,789,061	319	39

19 Financial assets at fair value through profit or loss

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Treasury bills with maturity of less than 90 days	11,368	4,428	-	-
Treasury bills with maturity over 90 days	14,017	149,810	-	-
Commercial papers	-	3,869	-	
Bonds	26,713	10,745	-	-
Total debt securities	52,098	168,852	-	-
Listed equity securities	13,639	14,677	-	-
Unlisted equity securities	48,512	31,757	-	1,601
Total equity securities	62,151	46,434	-	1,601
Derivative assets	516,572	63,180	-	-
Total assets at fair value through profit or loss	630,821	278,466	-	1,601

20 Investment Securities

		GROUP		COMPANY	
		30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
20.1	**Securities at fair value through other comprehensive income (FVOCI)**				
	Debt securities – at fair value:				
	– Treasury bills with maturity of less than 90 days	38,231	431,694	-	-
	– Treasury bills with maturity of more than 90 days	375,458	229,145	-	-
	– Bonds	491,797	211,932	2,858	3,963
	Equity securities – at fair value:				
	– Listed	451	755	-	-
	– Unlisted	155,870	150,164	-	-
	Total investment securities at FVOCI	1,061,807	1,023,690	2,858	3,963
20.2	**Securities held at amortised cost**				
	Debt securities – at amortised cost:				
	– Treasury bills with maturity of less than 90 days	102,231	246,266	-	-
	– Treasury bills with maturity of more than 90 days	372,001	383,916	-	-
	– Bonds	813,673	668,013	-	-
	- Stage 1: 12- month ECL				
	Total securities classified as amortised cost	1,287,905	1,298,195	-	-
		2,349,712	2,321,885	2,858	3,963

21 Asset pledged as collateral

The assets pledged by the Group are strictly for the purpose of providing collateral to the counterparties. To the extent that the counterparty is not permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Treasury bills	845,022	468,444
Bonds	271,278	126,727
	1,116,300	595,171

22 Other assets

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Financial assets:				
Accounts receivable	706,278	294,487	1,357	18,772
	706,278	294,487	1,357	18,772
Impairment on financial other asset	(13,257)	(21,638)	-	-
	693,021	272,849	1,357	18,772
Non Financial assets:				
Stock of consumables	21	10,484	21	14
Inventory - repossessed collateral	75,729	72,039	-	-
Prepayments	36,695	16,260	396	246
Others	11,926	1,498	67	-
	124,371	100,281	484	260
	817,392	373,130	1,841	19,032

23 Investment in associates (equity method)

i. **Seawolf Oilfield Services Limited (SOSL)**

FBN Holdings Plc. holds 42% shareholding in Seawolf Oilfields Services Limited (SOSL). SOSL is a company incorporated in Nigeria and is involved in the oil and gas sector. SOSL has share capital consisting only of ordinary share capital which are held directly by the group; the country of incorporation or registration is also their principal place of business. SOSL is not publicly traded and there is no published price information.

In 2014, Asset Mananagement Corporation of Nigeria (AMCON), a major creditor of SOSL, appointed a receiver manager to take over the business. The investment has been fully impaired.

ii. **FBN Balanced Fund (Formerly FBN Heritage Fund)**

FBN Balanced Fund (Formerly FBN Heritage Fund) is an open-ended Securities and Exchange Commission (SEC) registered mutual fund that invests in stocks, bonds, money market instruments, real estate and other securities in the Nigerian Capital Market. The fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock Exchange. The unit price of the fund as at reporting date was N269.61 (Cost: N100). FBN Balanced Fund's principal place of business is Nigeria while the its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	**31 Dec. 2022 N 'million**	**30 Sept. 2023 N 'million**	**31 Dec. 2022 N 'million**
SOSL				
Cost	10,375	10,375	10,375	10,375
Impairment loss/accumulated share of loss	(10,375)	(10,375)	(10,375)	(10,375)
	-	-	-	-
FBN Balanced Fund				
Balance at beginning of period	1,185	1,009	-	-
Share of profit	385	175	-	-
Share of other comprehensive income	-	1	-	-
At end of period	1,570	1,185	-	-

24 Investment in subsidiaries

(a) Principal subsidiary undertakings

	COMPANY	
	30 Sept. 2023 N 'million	**31 Dec. 2022 N 'million**
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
First Bank of Nigeria Limited (Note 23 (i))	230,557	230,557
FBNQuest Capital Limited (Note 23 (ii))	5,812	5,812
FBN Insurance Brokers Limited (Note 23 (iii))	25	25
FBNQuest Merchant Bank Limited (Note 23 (iv))	17,206	17,206
FBNQuest Trustees Limited (Note 23 (v))	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
FBNQuest Funds Limited (Note 23 (vi))	4,550	4,550
	4,550	4,550
	262,671	**262,671**

All shares in subsidiary undertakings are ordinary shares. For all periods shown, the Group owns the total issued shares in all its subsidiary undertakings except New Villa Limited (Rainbow Town Development Limited) in which it owns 55%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation except as otherwise stated. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company and the Group do not differ from the proportion of ordinary shares held.

Subsidiary	**Principal activity**	**Country of incorporation**	**Proportion of shares held directly by parent (%)**	**Proportion of shares held directly by the Group (%)**	**Statutory period end**
First Bank of Nigeria Limited (Note 23 (i))	Commercial Banking	Nigeria	100	100	31 December
FBNQuest Capital Limited (Note 23 (ii))	Investment Banking	Nigeria	100	100	31 December
FBN Insurance Brokers Limited (Note 23 (iii))	Insurance Brokerage	Nigeria	100	100	31 December
FBNQuest Merchant Bank Limited (Note 23 (iv))	Merchant Banking & Asset Management	Nigeria	100	100	31 December
FBNQuest Trustees Limited (Note 23 (v))	Trusteeship	Nigeria	100	100	31 December
FBNQuest Funds Limited (Note 23 (vi))	Funds Management	Nigeria	100	100	31 December
New Villa Limited (Rainbow Town Development Limited) (Note 23 (vii))	Investment and General Trading	Nigeria	55	55	31 December

i First Bank of Nigeria Limited

The bank commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. The Bank was the parent company of the Group until 30 November 2012, when a business restructuring was effected in accordance with the directives of the Central Bank of Nigeria and FBN Holdings Plc (FBNH) became the parent company of the Group.

ii FBNQuest Capital Limited

FBNQuest Capital Limited is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission (SEC) to undertake issuing house business. It is also involved in the business of asset management and financial advisory.

iii FBN Insurance Brokers Limited

The company was incorporated under the Companies and Allied Matters Act, as a limited liability company on March 31, 1994 with the name 'Trust Link Insurance Brokers Limited'. The company prepared financial statements up to March 31, 1998 after which it became dormant. The company was resuscitated on April 1, 2000 as FBN Insurance Brokers Limited. The principal activity of the company is insurance brokerage business.

iv FBNQuest Merchant Bank Limited

The Company was incorporated in Nigeria as a limited liability company on 14 February 1995 and was granted a license to carry on the business of a discount house and commenced operations on 16 November 1995. In 2015, the Company was transformed into a merchant bank. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in May 2015 and while merchant banking operations commenced on 2 November, 2015.

v FBNQuest Trustees Limited

FBN Trustees Limited was incorporated in Nigeria as a limited liability company on 8 August 1979 and commenced business on 3 September 1979. The company was established to engage in the business of trusteeship as well as portfolio management, financial/ investment advisory services.

vi FBNQuest Funds Limited

FBNQuest Funds Limited was incorporated on 14 November 2002. It commenced operations on 1 April 2003. Its principal activities are to carry on venture capital and private equity business.

vii New Villa Limited (Rainbow Town Development Limited)

This is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include real estate investments and general trading. The investment was fully impaired in December 2016. This subsidiary is reclassified as discontinued operations.

22(b) Condensed results of consolidated entities

	FBN Holdings Plc. N'million	First Bank Limited N'million	FBNQuest Capital Limited N'million	FBNQuest Trustees Limited	FBNQuest Merchant Bank Limited N'million	FBN Insurance Brokers Limited N'million	Rainbow Town Development Limited N'million	Total N'million	Adjustments N'million	Group N'million
Summarized Income Statement for the period ended September 30, 2023										
Operating income	2,487	664,094	13,962	5,922	17,319	1,346	-	705,130	(524)	704,606
Operating expenses	(2,472)	(339,066)	(666)	(1,379)	(8,602)	(566)	-	(352,751)	470	(352,281)
Impairment charge for losses	-	(76,480)	(4,341)	-	(1,556)	-	-	(82,377)	-	(82,377)
Operating profit	15	248,548	8,955	4,543	7,161	780	-	270,002	(54)	269,948
Associate	-	-	385	-	-	-	-	385	-	385
(Loss)/profit before tax	15	248,548	9,340	4,543	7,161	780	-	270,387	(54)	270,333
Income tax expense	(14)	(27,403)	(3,042)	(1,453)	(1,662)	(257)	-	(33,831)	-	(33,831)
(Loss)/profit for the period	1	221,145	6,298	3,090	5,499	523	-	236,556	(54)	236,502
Loss from discontinued operations	-	-	-	-	-	-	(86)	(86)	-	(86)
Other comprehensive income/(loss)	(128)	162,480	275	217	(3,201)	-	-	159,643	-	159,643
Total comprehensive (loss)/income	(127)	383,625	6,573	3,307	2,298	523	(86)	396,113	(54)	396,059
Summarized Financial Position as at September 30, 2023										
Assets										
Cash and balances with central banks	-	2,256,369	-	1	78,480	-	-	2,334,850	-	2,334,850
Loans and advances to banks	19,629	1,517,542	22,516	3,106	68,036	1,352	-	1,632,181	(23,624)	1,608,557
Loans and advances to customers	319	5,265,277	51	12	97,235	2	-	5,362,896	(17,027)	5,345,869
Financial assets at fair value through profit or loss	-	557,138	61,462	-	13,697	-	-	632,297	(1,476)	630,821
Investment securities	2,858	2,138,266	140,152	7,416	61,020	-	-	2,349,712	-	2,349,712
Assets pledged as collateral	-	1,107,900	-	-	8,400	-	-	1,116,300	-	1,116,300
Other assets	1,841	796,948	14,234	1,645	15,749	89	-	830,506	(13,114)	817,392
Investment in associates accounted for using the equity method	-	-	1,714	-	-	-	-	1,714	(144)	1,570
Investment in subsidiaries	262,671	-	-	-	-	-	-	262,671	(262,671)	-
Property and equipment	1,035	140,674	79	195	3,365	104	-	145,452	349	145,801
Intangible assets	-	25,931	13	54	338	8	-	26,344	-	26,344
Deferred tax assets	-	34,586	1,265	-	9,513	9	-	45,373	-	45,373
Assets held for sale	-	663	-	-	-	-	32,407	33,070	-	33,070
	288,353	13,841,294	241,486	12,429	355,833	1,564	32,407	14,773,366	(317,707)	14,455,659
Financed by										
Deposits from banks	-	1,186,613	-	-	26,306	-	-	1,212,919	-	1,212,919
Deposits from customers	-	8,909,422	163,779	-	202,737	-	-	9,275,938	(23,624)	9,252,314
Derivative liabilities	-	103,862	-	-	665	-	-	104,527	-	104,527
Current income tax liabilities	20	43,489	3,402	1,700	1,809	281	-	50,701	-	50,701
Other liabilities	17,350	1,420,415	47,311	2,417	51,267	555	-	1,539,315	(2,849)	1,536,466
Borrowings	-	883,000	-	-	31,822	-	-	914,822	-	914,822
Retirement benefit obligations	-	7,208	6	(2)	-	-	-	7,212	-	7,212
Deferred tax liabilities	-	10	838	30	184	-	-	1,062	-	1,062
Liabilities held for sale	-	-	-	-	-	-	1,783	1,783	-	1,783
	17,370	12,554,019	215,336	4,145	314,790	836	1,783	13,108,279	(26,473)	13,081,806
Equity and reserves	270,983	1,287,275	26,150	8,284	41,043	728	30,624	1,665,087	(291,234)	1,373,853

25 Property and equipment

	GROUP		COMPANY	
	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022
Cost	292,010	246,877	3,363	2,872
Accumulated Depreciation	(146,209)	(121,710)	(2,328)	(2,154)
Net Book Value	145,801	125,167	1,035	718

26 Intangible assets

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Goodwill	4,445	3,771
Software - Cost	76,072	57,039
Software - Accumulated Amortisation	(54,173)	(44,951)
	26,344	15,859

27 Deferred tax assets and liabilities

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Deferred tax assets	45,373	30,909
Deferred tax liabilities	1,062	868

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2022: 30%).

28 Asset Held for Sale

28.1 Discontinued operations:

The assets classified as held for sale include Rainbow Town Development Limited

(i) Rainbow Town Development Limited

The assets and liabilities of Rainbow Town Development Limited (RTDL) were classified as held for sale following the decision and resolution of the Board of Directors of FBN Holdings Plc. to dispose the Group's interest in RTDL. The carrying amount of the investment is expected to be recovered principally by a sale rather than through continuing use.

The operating results are separately presented in the income statement because the disposal group represents a separate line of buisness within the Group, and as such meets the definition of discontinued operation.

28.2 Non current asset held for sale

First Bank Senegal has classified a building from its Property and Equipment as Asset held for sale. This is following management's decision to dispose the asset. The Board of Directors demonstrated commitment to the sale in line with the requirements of IFRS 5 and as such the sale is expected to be completed within the next 12 months.

28.3 The carrying amount of the assets and liabilties of the disposal group classified as held for sale are as listed below.

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Assets classified as held for sale		
Inventory	32,397	32,482
Property and equipment	5	5
Intangible assets	5	5
	32,407	32,492
Liabilities classified as held for sale		
Current income tax liabilities	6	6
Other liabilities	1,777	1,777
	1,783	1,783
Net Assets	30,624	30,709

The operating results of the discontinued operations are as follows.

	GROUP	
	30 Sept. 2023 N 'million	30 Sept. 2022 N 'million
Revenue	-	-
Expenses	(86)	(87)
Loss before tax from discontinuing operations	(86)	(87)
Income tax expense	-	-
Loss from discontinued operations after tax	(86)	(87)
Loss from discontinued operations is attributable to:		
Owners of the parent	(47)	(48)
Non-controlling interests	(39)	(39)
	(86)	(87)

28.4 The carrying amount of assets held for sale is listed below:

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Carrying amount of assets of the disposal group (note 28.3)	32,407	32,492
Property and equipment (i)	663	461
Total Assets classified as held for sale	33,070	32,953

(i) First Bank Senegal has classified a building from its property and equipment as asset held for sale following management's decision to dispose the asset.

29 Deposits from banks

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Due to banks within Nigeria	520,565	662,539
Due to banks outside Nigeria	692,354	392,715
	1,212,919	1,055,254

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

30 Deposits from customers

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Current	2,653,810	2,369,237
Savings	2,433,688	2,163,567
Term	2,089,276	1,080,190
Domiciliary	2,041,992	1,490,668
Electronic purse	33,548	20,424
	9,252,314	7,124,086

Deposits from customers only include financial instruments classified as liabilities at amortised cost.

31 Financial liabilities at fair value through profit or loss

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Derivative liabilities	104,527	38,384
	104,527	38,384

32 Current income tax liabilities

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Current income tax liabilities	50,701	27,901	20	29
	50,701	27,901	20	29

33 Other liabilities

	GROUP		COMPANY	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Financial Liabilities:				
Customer deposits for letters of credit	479,779	352,994	-	-
Accounts payable	380,946	127,403	-	-
Creditors	169,278	9,086	106	276
Bank cheques	29,354	25,554	-	-
Collection on behalf of third parties	73,317	20,045	-	-
Unclaimed dividend	16,627	14,623	16,627	14,623
Lease liabilities	10,957	8,297	130	125
Other credit balance	376,208	94,552	487	2,245
	1,536,466	652,554	17,350	17,269

Other Credit balances include transactional taxes and other accrued expenses.

34 Borrowings

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Long Term Loans (i)	646,127	459,315
On-Lending Facilities (ii)	140,857	40,981
Clean line Liabilities (iii)	96,016	130,092
Surbodinated unsecured debt (iv)	31,822	45,052
	914,822	675,440

(i) This represents FBN Eurobond issuance and other long term facilities from Development Financial Institutions.

(ii) Borrowings from correspondent banks include loans from foreign banks utilised in funding letters of credits for international trade.

(iii) Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by the Bank for specific customers. These facilities include the BOI funds and CACS intervention funds.

(iv) Included in subordinated unsecured debts are unsecured bonds and commercial papers issued. See further note below:

a. Unsecured bonds
This represents the unsecured bonds of N8 billion (series 2) with tenor of 10 years (maturity of December 16, 2030) and interest rate of 6.25% payable semi-annually in arrears. Subject to any purchase and cancellation early redemption, the bonds shall be redeemed on redemption date at 100% of their nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by the Bank and has been consolidated in these financial statements.

b. Commercial Papers
This represents the amortised cost of FBNQuest Merchant Bank's unsecured Commercial Papers (CP) which were still in issue as at September 30, 2023, under the N100 billion Commercial Paper Issuance Programme. Subject to any purchase and cancellation early redemption, the commercial paper shall be redeemed on redemption date at 100% of their nominal amount.

35 Retirement benefit obligations

	GROUP	
	30 Sept. 2023 N 'million	31 Dec. 2022 N 'million
Defined Benefits Plan	-	1
Defined benefits - Pension (i)	5,720	5,272
Gratuity Scheme (ii)	1,492	426
	7,212	5,699

Defined benefit - Pension (i)
First Bank of Nigeria Limited has an old Defined Benefit scheme, discontinued in March 2001. The funds are placed with fund managers and the Bank is under obligation to fund the deficit.

35 Retirement benefit obligations (Cont'd)

In addition, First Pensions Custodian Nigeria Limited (FPCNL), a direct subsidiary of First Bank of Nigeria Limited, has a non-contributory defined gratuity scheme for directors. Directors are paid a sum based on an approved scale and the number of periods in service subject to a maximum of 9 years.

Gratuity scheme (ii)

This relates to the schemes operated by the subsidiaries of First Bank of Nigeria Limited as follows:

First Bank Congo (DRC) has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of years spent in service of the Bank.

First Bank Guinea and First Bank Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries and the number of years spent.

36 Share capital

Authorised	**30 Sept. 2023**	**31 Dec. 2022**
35.895 billion ordinary shares of 50k each (2022: 35.895 billion)	17,948	17,948

Issued and fully paid

Movements during the period:	**Number of shares In million**	**Share capital N 'million**
At 30 September 2023	35,895	17,948
At 31 December 2022	35,895	17,948

37 Share premium and reserves

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

Share premium: Premiums (i.e. excess over nominal value) from the issue of shares are reported in share premium.

Retained earnings: Retained earnings comprise the undistributed profits from previous periods, which have not been reclassified to the other reserves noted below.

Statutory reserve: Nigerian banking regulations require banks to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank 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.

Capital reserve: Reserve arising from business restructuring.

Fair value reserve: The fair value reserve shows the effects of the fair value measurement of financial instruments classified as fair value through other comprehensive income. No gains or losses are recognised in the consolidated income statement.

Small and Medium Enterprises (SME) investment reserve: This 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 first five periods but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory.
The small and medium enterprises investment reserves is non-distributable.

Regulatory Risk reserve: The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

Treasury share: This represents the purchase consideration of the shares of FBN Holdings Plc. held by entities within the Group. These shares are reported to a separate reserve. Gains and losses on sales or redemption of own shares are credited or charged to reserves.

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

38 Reconciliation of profit before tax to cash generated from operations

	GROUP		COMPANY	
	30 Sept 2023 N 'million	**30 Sept 2022 N 'million**	**30 Sept 2023 N 'million**	**30 Sept 2022 N 'million**
Operating profit/(loss) before tax from continuing operations	270,333	105,492	15	(846)
Loss before tax from discontinued operations	(86)	(87)	-	-
Profit/(loss) before tax from including discontinued operations	270,247	105,405	15	(846)
Adjustments for:				
– Depreciation and amortisation	24,454	20,503	237	156
– Loss/ (profit) from disposal of property and equipment	(95)	(1,227)	(7)	-
– Foreign exchange losses/(gains)	96,665	706	(331)	(13)
– Net gains from sale of investment securities	(43,551)	(26,945)	(13)	-
– Net (gains)/ loss from financial assets at fair value through profit or loss	(251,226)	(34,408)	379	-
– Impairment on loans and advances	70,895	36,532	-	-
– Impairment on other financial assets	7,283	57	-	-
– Impairment on financial assets	4,325	8	-	-
– Impairment on off balance sheet	(126)	10		
– Change in retirement benefit obligations	1,513	-	-	-
– Share of profit from associates	(385)	40	-	
– Dividend income	(5,393)	(3,002)	233	108
– Interest income	(633,804)	(370,364)	(2,711)	(1,444)
– Interest expense	256,106	120,831	4	-
(Increase)/decrease in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	(233,545)	(63,913)	-	-
– Loans and advances to banks	(157,011)	(63,189)	-	-
– Loans and advances to customers	(1,627,703)	(717,572)	(280)	11
– Financial assets at fair value through profit or loss	(94,189)	187,901	1,222	-
– Other assets	(451,842)	(49,011)	(1,385)	(431)
– Pledged assets	(521,129)	156,036	-	-
– Assets held for sale	(117)	-		

38 Reconciliation of profit before tax to cash generated from operations (Cont'd)

	GROUP		COMPANY	
	30 Sept 2023 N 'million	**30 Sept 2022 N 'million**	**30 Sept 2023 N 'million**	**30 Sept 2022 N 'million**
Increase/(decrease) in operating liabilities:				
– Deposits from banks	157,665	(81,170)	-	-
– Deposits from customers	2,097,244	751,108	-	-
– Other liabilities	949,743	25,766	76	1,686
Cash flow used in operations	(83,976)	(5,899)	(2,561)	(773)

39 Compliance with regulations

During the period ended August 31, 2023, the Company paid penalty of N9.60 million and N4.55 million to NGX Regulation Limited and Securities and Exchange Commission respectively for late submission of 2022FY audited financial statements and Q1 2023 unaudited financial statements.

40 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the members of the Group and held as treasury shares.

The Company does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent.

	GROUP		COMPANY	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
Profit from continuing operations attributable to owners of the parent (N'million)	234,775	90,131	1	(853)
Weighted average number of ordinary shares in issue (in million)	35,895	35,895	35,895	35,895
Basic/diluted earnings per share (expressed in naira per share)	6.54	2.51	0.00	(0.02)
(Loss)/profit from discontinued operations attributable to owners of the parent (N'million)	(47)	(48)	-	-
Weighted average number of ordinary shares in issue (in million)	35,895	35,895	35,895	35,895
Basic/diluted earnings per share (expressed in naira per share)	(0.00)	(0.00)	-	-
Profit for the period attributable to owners of the parent (N'million)	234,728	90,083	1	(853)
Weighted average number of ordinary shares in issue (in million)	35,895	35,895	35,895	35,895
Basic/diluted earnings per share (expressed in naira per share)	6.54	2.51	0.00	(0.02)

OTHER DISCLOSURES

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), FBN Holdings Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.